The

Management Review

The Month's Best in Business Reading . . .

Personnel
Production
Office Management
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General Management
Books of The Month

APRIL, 1953

Among the Features

"Free Competition": Everyone a Winner?
Cheaper Materials: The Role of Technology
How to Get Started in Atomics
The Dynamics of Job Evaluation
Beating "Victual Vipers" at Their Game
Money in the Wastebasket
Leveling Peak Loads in the Office
How to Get More for Your Fuel Dollar
What Can Be Done About Unprofitable Orders?
Don't Give the Embezzler a Break!
Employee Stock Purchase Plans: A Survey
The Three Major Gaps in Insurance Coverage

SPRING BOOK SURVEY ISSUE
◀ 18 Pages of Book Reviews ▶

AMERICAN MANAGEMENT ASSOCIATION

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The Management Review

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General Management

"FREE COMPETITION": EVERYONE A WINNER?

THE MOST magic sound in America, and the secret of her success, is "you." There is no other nation on the face of the earth in which the whole fabric of the nation's political, economic, and social environment is based so completely on the concept of "you." Elsewhere the world is dominated by the "I" 's, the "me" 's and the "we" 's. Here it is *you*, 150-odd million people of *you*, to whom every aspect of American life is directed, and sometimes misdirected. And because of our preoccupation with these things we sometimes miss certain of the essential aspects of ourselves. Let's consider the environment in which *you* will operate in the months ahead.

A growing concern or sense of uneasiness has communicated itself throughout the business community. We pride ourselves on the greatest industrial capacity in the entire world. We make and consume more than all the rest of the world put together. Yet we are jittery lest armament expenditure level off—and that as a result we may find ourselves in acute economic trouble.

Business men from one end of the country to the other are preoccupied with the questions: Where do we go from here? Do we face a crash? Will increased American consumption and world demand be able to absorb the tremendous output of American industry, or will we find ourselves with excessive capacity and inability to consume the endless stream of goods that flows from the fantastic assembly line of the United States?

The only real concern for this year, and well into 1954, is that business men may talk themselves into a recession. The American business man has grown soft under the impact of guaranteed business and guaranteed profit ever since 1940. We've talked of the virtues of competitive society and we get scared out of our wits every time a price index falls five points. We want the virtues of competition. But—we want a competition in which everyone hits the jackpot and nobody loses.

We went through what was called, for want of a better word, "recession" in 1949. There are some who say that we are in a recession now. There have been no business failures, nor were there any to speak of in 1949. What's more, in the first six months of 1950, even before Korea started, the output of our major industries had already come as close to 100 per cent of capacity as is healthy. That's fine recession!

Competition means that the weak shall be shaken out. Competition means that the more successful will walk away with the prize. Competition means that the buyer will dominate the product and the sale.

There is virtually not a trace of it operating in our business community today. But we do see a real threat that a modest amount of it will be re-introduced this year. Because there is that threat, we pretend to ourselves we're facing a depression.

If I were to recommend the most beneficial change in the psychology of American business men, it would be a

change of psychology welcoming a decline in prices. Unfortunately, that thought frightens us. We are miserable unless the business graph moves constantly upward. But that graph pertains to prices and wages and expenditures and government outlays as well as to production.

Our problem is not wages that are too high. Our problem is wages that are too high, with too little left in the pocket. These wages must be paralleled by a continuous increase in efficiency and productivity and a genuine capacity to turn out goods and services.

We bemoan the fact that our profits are low. But that's not a fact. Our profits are high. The devastating fact is that the break-even point is unbearable. We are in a critical position where a profit moving from high to a slightly lower point drops us into no profit at all. This is not because the profits are not high enough, but because all the elements that determine the break-even point have so multiplied in the last 20 years that the margin of safety between profitable and unprofitable business operation is too small.

In our affection for the American system, we emphasize the importance of thrift and savings as the most effective antidote to the welfare state. Yet we get scared every time savings go up as much as 5 per cent. We do everything in our power to jockey the consumer loose from every last nickel of his savings.

We have heard doom pealed and disaster predicted each year. But, as one prominent business leader sagely observed: "We're not going to hell; we're going through it."

We may continue, unhappily, to live in a twilight world that is neither full scale war nor full peace. This in turn means that we shall continue to spend, even when we have tapered off some time in '54, 50 billion dollars a year on military expenditure alone—the largest pump-priming program the world has ever seen. If this is true, our fears of depression are the most meaningless fears that business men can talk themselves into. Yet, there is the possibility that in the expected slight decline, in the return of a greater degree of competition, in the shaking out of some of the weak sisters who have held on by their teeth since 1945, we may frighten and panic ourselves into the belief that we are indeed in hell rather than just going through it.

We have found the "open sesame" without exactly knowing what it is that opens the door for us onto a continuously enriched standard of living. We are a Utopia far richer than any Utopian ever wrote of. Our occasional depression of spirit, not of economic life, may rise from the fact that our rate of growth is so great we get tired. We actually long for a brief moment of rest while we get used to what has already happened.

The American economy is unbelievably strong. We have an opportunity before us, particularly in the distribution and sales of goods, of comforts, of services, of the wealth, of the whole pattern of living, such as we have really never faced before.

—From an Address by LEO M. CHERNE before the National Sales Executives

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MEN STOP growing when they stop changing—not when they start aging.

—Personnel Information Bulletin 2/53

CHEAPER MATERIALS: THE ROLE OF TECHNOLOGY

"WE CAN TRANSMUTE lead into gold—at a price. We can produce gasoline from coal, cattle feed from sawdust, and electricity from atoms—at a price." So states the report of the President's Materials Policy Commission, pointing out that there are no foreseeable materials difficulties modern technicians cannot solve. But because materials costs in the future will be importantly affected by planned research now, the role of technology is vital. That role, as seen by the Commission, has six areas:

1. *Fostering new techniques of discovery.* Though known reserves of some industrial supplies are thinning out, there are unknown quantities, possibly enormous amounts of materials that industry can't locate. About 89 per cent of the land area in the U. S. has never been covered by geological maps of sufficient scale. New techniques must be developed to locate minerals at greater depths than is now possible, and new methods must be found to dig and extract them at reasonable costs.

2. *Making practicable use of abundant materials which industry is not yet equipped to handle in volume.* This would include continued emphasis on such metals as titanium and zirconium, even greater use of magnesium, and fuller use of the ocean.

Technology is already making headway in the use of ocean resources, particularly in the development of various ion-exchange processes which deliver potassium, sodium, and distilled water. Magnesium- and gold-recovery processes are patented. Underwater tin deposits have been traced for over 100 miles off the Dutch East Indies, and mining has begun there.

3. *Applying recycling principles more broadly.* Examples of the potential gains in supply here are many. A cheaper method of reclaiming tin from cans or a new process for de-inking paper are only two that would increase supply and lessen the drain on raw materials.

4. *Learning to deal with low concentrations of useful materials.* Industry recovers copper today from low-concentration ores that would have been untouchable 50 years ago. But a practically virgin area remains—the field of industrial wastes. With new techniques, vast quantities of metal could be recovered from tailing piles, waste dumps, and worked-out mines.

5. *Lessening or eliminating use of a scarce material by substitution.* The most obvious examples are the inroads aluminum and plastics are making on older materials. Yet for many end products there are no substitutes for materials now used. The job for technology in the next 25 years is, therefore, to widen the range of interchangeability for scarce materials at comparable costs.

6. *Greater development and more economical use of renewable materials.* Lumbermen are making tremendous progress in economical cutting and reforestation. Hydrolysis and fermentation of waste cellulose materials will in time produce even more alcohol, yeast, acetic, butyric, and lactic acids, acetone, butanol, 2-3 butylene, glycol, glycerin, and molasses—and produce these at a profit.

Industry has yet to realize the full potentialities of algae as a source of fuel, fertilizer, and minerals. But even now the small and growing seaweed industry produces agar, carrageen, and algin; and the use of these colloids is expanding. A new research report shows the feasibility of

making synthetic textiles out of seaweed.

Progress is being made in the heat pump and solar-house-heating and air conditioning. More than 25 heat pumps are operating in industrial plants, and at least 260 are in commercial establishments.

Still to be exploited on a large scale is controlled biological photosynthesis—that is, growing algae and other plants to produce fats, proteins, sugars, starches, and other carbohydrates. Pharmaceuticals, human and livestock food, fuel, and clothing are possible end products. These are the uses on which technology will probably concentrate during the next quarter century.

—*Modern Industry*, Vol. 24, No. 5, p. 50:4.

How High Is High?

HAS DEMAND for capital equipment been greater than normal during the postwar period? If so, how much greater?

To the first of these questions, most economists would be quick to reply in the affirmative. In regard to the second, however, opinion is far from unanimous, since there is more than one way of estimating "normal" demand.

Exploring this problem, a recent issue of the Machinery and Allied Products Institute's *Capital Goods Review** points out that projections of trend lines based on expenditures of past years may no longer be reliable indicators of normal demand. Projections of the past trend of expenditures in terms of constant (1929) prices indicate that current capital equipment expenditures are in the neighborhood of 30 per cent above normal for the period. This finding is in marked contrast to the figure—15 per cent—which is obtained when the trend in expenditures is calculated as a percentage of privately produced gross national product at current prices.

Actually, say the Institute's economists, both of these estimates may be too high. Their reasons:

1. Expenditures for business buildings and structures, as distinguished from those for capital equipment, have consistently run rather low for the period, thus freeing a greater proportion of available funds for equipment purchases.

2. The over-all rate of technological change appears to have been accelerating, with a consequent increase in the obsolescence and replacement rates of capital equipment.

However, the outlook for capital equipment producers is not necessarily a gloomy one, in the Institute's view. "Normal" requirements, whatever they are now, may be expected to increase by at least 3 per cent annually—perhaps even more rapidly, if producers press for the standardization of equipment policy throughout American industry.

*"The Capital Equipment Market since 1945." Available on request from Machinery and Allied Products Institute, 120 South LaSalle Street, Chicago 3, Ill.

OUR ECONOMY has the tremendous advantage of possessing $3\frac{1}{2}$ million business enterprises outside of agriculture and about 6 million business enterprises in agriculture . . . nearly 10 million places where innovations may be authorized. No regimented economy can hope to compete in dynamic drive with an economy which possesses nearly 10 million independent centers of initiative.

—SUMNER SLICHTER

Totemism and Protocol in the American Enterprise System

This is the way it is in offices:

First you start at desks that are
huddled together back to back with
barely squeeze room between them.

Then you work
at desks that
all face the
same way and
are neatly spaced.

And if yours occupies a space by
ITSELF
all know that you must be a
Senior whatever-it-is
till the rare day when you ascend
to the Supervisory or Middle Management level
and get a desk that is

catty-cornered.

(If you never get another promotion, of course, in due time
you will even get
a fence around your
catty-cornered desk.)

But if you are reasonably happy in your choice of adjectives
you may look forward to achieving

AN OFFICE OF YOUR OWN

with your name on the frosted panes that extend to eye level,
all above being clear glass; for you will never get a solidly
walled-in office until you are in like Flynn and have become a

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—Ingolf H. E. Otto
University of Kansas City, Kansas City, Mo.

HOW TO GET STARTED IN ATOMICS

How can you be sure your industry is not passing up a good bet in some phase of atomics? There are various levels at which you can start if you want to find out what atomic energy may hold in store for you.

A single individual in your organization can be assigned to the job of keeping abreast of the open technical literature in the atomic energy field. He should know of the information activities sponsored by the Atomic Energy Commission. Since most of the technical information bears directly on commercial techniques, such data is of great interest to industry. Chief of AEC's industrial information branch is Norman H. Jacobson, who spearheads the information for industry program.

For a higher level of participation, you may want to incorporate a lab into your research and development facilities to benefit from the by-products of atomic energy.

To explore the potentialities of atomic power for your industry still further, request permission to assign one of your men to a national atomic laboratory for a year of experience. He will be able to study firsthand a number of different phases of the atomic program and can appraise areas of possible interest to your industry.

Many companies have acquired atomic experience by accepting research and development contracts from the Commission, to carry on work in which they have specific competency. Others contract to operate one of AEC's facilities.

Perhaps you have an idea that your firm would like to exploit some phase of the atomic energy field—build radiation instruments, make equipment, or perhaps supply strategic materials needed in atomic work. Where would you go to see if something could be worked out?

Central clearinghouse for such ideas is AEC's Office of Industrial Development in Washington. Director W. L. Davidson will help you assess your capabilities in the atomic energy field and the need for the product you have in mind. He will suggest places in the AEC organization where you can get further help.

The radiation instruments industry, which has grown up since the war, is now grossing $20 million a year. The needs of the atomic program have given rise to several other new or expanded private enterprise businesses, including the uranium mining industry, commercialization of fluorocarbon liquids and plastics, the synthesis and sale of tagged molecules, and industrial production of zirconium metal.

Other industries may in time result from the 500 AEC-owned patents which have been made available for licensing to the public on a nonexclusive royalty-free basis. The keen interest that is being shown in these patents is indicated by the fact that some 275 licenses have already been issued.

—Allen G. Gray. *Steel*, March 2, 1953, p. 91:1.

A century ago, 22 per cent of physical work was done by humans, 47 per cent by animals and 31 per cent by mechanical energy. Today, according to the Twentieth Century Fund, the machine's share has risen about 97 per cent and is expected to exceed 98 per cent by 1960.

Incentives: Managers Get Them, Too

ARE YOU GETTING the most out of your management team? If not, you'll be interested in what Westinghouse Electric Corp. is doing to (1) reward the workers, and (2) prod the drones.

Under its management incentive plan, Westinghouse paid out nearly $6.3 million in 1951. Close to 6,000 employees participated. Payments for 1952 were about $7 million to a somewhat larger number of participants. Eligible to participate in the plan are officers of the company, staff executives, department managers, division and district apparatus managers, general managers of subsidiary companies, department heads, supervisors or foremen, and others in policy-making jobs.

The company has laid down broad fields of accomplishment for determining when a man is eligible. These include (1) service and accomplishments beyond the call of ordinary duties, (2) development of subordinates, (3) training of replacements, (4) development of sound employee relationships, (5) planning, (6) devising new and improved methods, (7) cost reductions, (8) cost or expense control, (9) inventory control, (10) quality control, (11) production scheduling.

Amount to be divided does not exceed 5 per cent of the consolidated income of the company and its subsidiaries before taxes in any one year, plus any unused amounts carried forward from the previous year. Nothing will be paid in any year unless cash dividends of at least $1 a share are paid on the common stock. Payments may be made in cash—or part cash, part common stock.

—*Iron Age* 2/26/53

A Valentine for Versatility

NO MATTER what tune anybody sings in praise of enterprise in the U. S., one of its most astonishing features is its versatility. This goes beyond know-how. It is the mastery of a score of talents, a creative genius for turning a sow's ear not only into a silk purse—but into a new drug, a radio tube, or a bauble of costume jewelry. This flexible skill is the force that expands distribution as well as production.

Current news sparkles with examples: A big steel company that mines ore and runs a line of ships has just announced it will make kitchen sinks. A major glass company now turns out plastic bathtubs. A chemical company which makes a fruit spray and a new synthetic fiber also processes uranium ore for an atomic energy plant. A camera manufacturer has devised a flexible, transparent waterpipe. A paint concern has just produced a substance which makes synthetic gems for optical instruments. A rubber tire firm is in the floor tile business. The list is endless.

So there is always a frontier, and as it advances our prolific economy continues to spread new goods before the people. Older economies pride themselves on rare and special skills they have retained over the centuries, but ours renews its youth continuously.

—*The Biddle Survey* 3/10/53

INDUSTRIAL DISPERSION: The Defense Production Administration reports that more than four-fifths of all new defense plants and major industrial expansions for which rapid tax amortization was authorized during the first 18 months of the Korean War were located outside the "central cities" of industrialized metropolitan areas. The practice follows the recommendation of the National Security Resources Board concerning industrial decentralization.

—*Commerce*, Vol. 49, No. 7.

Also Recommended • • •

DEPRESSION—NOT IN YOUR LIFETIME. By Thurman Arnold. *Collier's* (640 Fifth Avenue, New York 19, N. Y.), April 25, 1953. There is no need to fear that depression will follow the end of the Korean war and of heavy defense spending, says the former head of the U. S. anti-trust division, because the great American business organizations have learned not to fear overproduction; have confidence in their ability to find new markets; and are willing to lend capital to bulwark purchasing power in frontier areas. He expresses the belief that a controlled economy can never create the security provided by free markets and competitive incentives and cites the Coca-Cola Company as an example of how America's twin geniuses, production and selling, can remain expanding partners.

TRADE ASSOCIATIONS: HOW TO GROW WITH THEM. *Steel* (Penton Building, Cleveland 13, Ohio), March 9, 1953. Some 1,600 national trade associations are now in existence, with a total membership approaching 1 million. Membership costs on the average only 0.1 per cent of a company's annual sales, entitles members of larger groups to as many as 78 different kinds of services—in nearly all organizations at least 15 basic services. This article presents a checklist of the major services offered by the average trade association, and suggests how a company may use them to greatest advantage.

ARE EXECUTIVES PAID ENOUGH? By Arch Patton. *Fortune* (9 Rockefeller Plaza, New York 20, N. Y.), January, 1953. In figuring how much to pay any one top executive, management has seldom considered what share of the total payroll should be paid to top management as a group. In this analysis of the executive compensation problem, the author proposes a new yardstick, based on the ratio of top executives to middle management and to employees, for determining whether executives as a group are adequately motivated.

IDEAS: A SYMPOSIUM. *Commerce* (1 North LaSalle Street, Chicago, Ill.), March, 1953. Four research scientists describe how the well organized research laboratory converts ideas into scientific achievements, covering four major aspects of the subject: 1) why management should give the research man a reference framework within which he may operate; 2) where ideas are found (in most cases, spectacular developments represent the sum of many smaller but equally important ideas developed by individuals in the course of everyday work); 3) how ideas are evaluated and exploited (formal machinery can be set up for the sole purpose of analyzing fresh ideas); and 4) how ideas can be safeguarded legally through patents.

WHO SAYS WE SHOULD PURCHASE MORE FOREIGN MADE GOODS? By Fred G. Singer. *The Manufacturing Jeweler* (42 Weybosset Street, Providence, R. I.), March 19, 1953. The advocates of "trade, not aid" are unrealistic when they suggest that a general reduction of U. S. tariffs and the replacement of economic aid to friendly nations by an equivalent increase of imports is either desirable or practicable, the author asserts. A study of available statistics leads him to conclude that (1) the United States cannot, with any justification, be called a high-tariff nation, and (2) in recent years, our imports have in fact exceeded the value of our true commercial exports to a significant degree.

THE FUTURE OF ATOMIC ENERGY IN INDUSTRY. By Walker L. Cisler. *Edison Electric Institute Bulletin* (420 Lexington Avenue, New York 17, N. Y.), February, 1953. In this comprehensive review of atomic energy developments as they may affect industry, the author points out that in the near future atomic energy is likely to find practical use in industrial production only as a source of heat, which will be converted into power by conventional steam turbine-generators. He suggests that new federal legislation to permit the development and construction of commercial reactor plants would both benefit industry and strengthen the national defense establishment.

U. S. LABOR DEPT.: HOW IT SERVES INDUSTRY. *Modern Industry* (232 Madison Avenue, New York 16, N. Y.), Vol. 24, No. 5. The U. S. Department of Labor provides a great number of services used daily by both large and small companies in return for their tax dollars. This article highlights some of the Department's services and publications which are available to management in the areas of wage administration, market research, recruiting and hiring, plant location, testing, job training, and apprenticeship programs. Aside from direct assistance in recruitment and personnel, the Department has valuable resources in statistics on employment, wages, prices, business activity, and spending habits.

Industrial Relations

THE DYNAMICS OF JOB EVALUATION:

Forces Influencing Effective Administration

ROLAND BENJAMIN, JR.

THERE ARE MANY reasons why job evaluation programs fail to achieve their maximum effectiveness. The plan may not be soundly or realistically constructed, or poor judgment may be exercised in its application. The union, for one reason or another, may withhold its acceptance. The program may not be geared to the given situation, or it may be soundly installed but improperly administered. Whatever the ultimate causes of failure, the chances are that most of them stem fundamentally from an inability to realize that an effective job evaluation program must necessarily be dynamic and flexible.

Ideally, any company which has installed a job evaluation program should subject it to the scrutiny of a periodic audit. Just as financial audits are carried on to insure that companies follow sound fiscal policies, so job evaluation audits should be made to assure the following of a sound wage administration policy.

OBJECTIVES

The basic questions to be asked about any job evaluation program are:

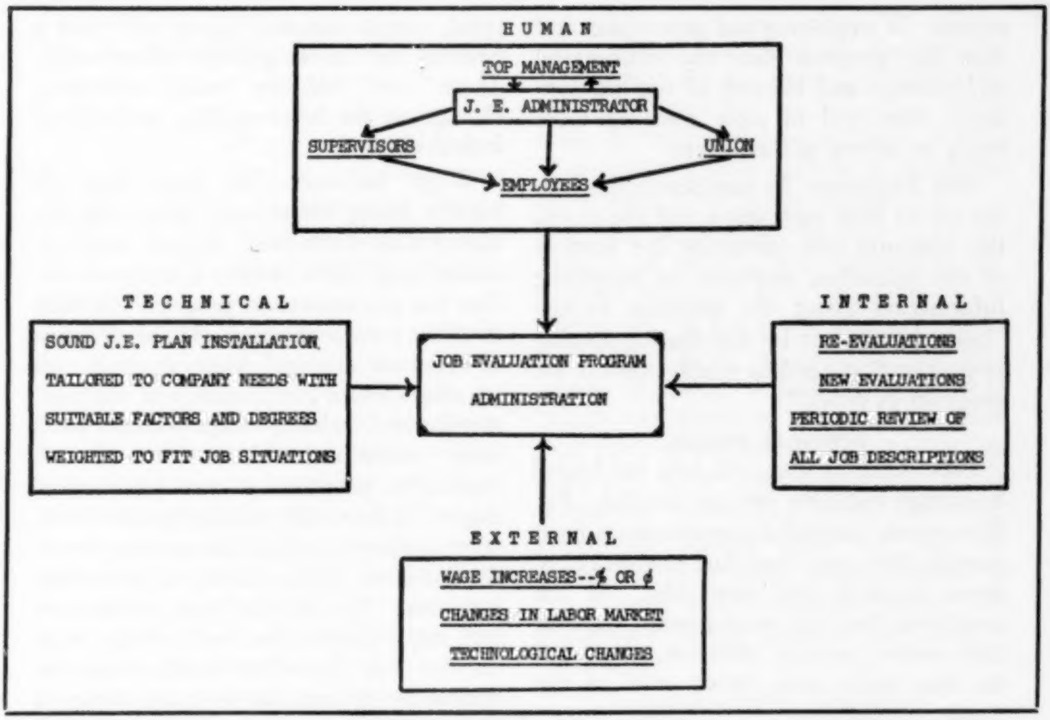
1. How well is it accomplishing its goals? Are all jobs covered under the program in proper relationship to one another? Is it built upon a sound basic rate structure under which all jobs are equitably compensated compared with others in the area and industry?
2. Is the program achieving the long-range objective of employee satisfaction with relative rates and positions within the organization?
3. Has it been adequately sold to the union, to employees, to supervision, and to top management? Do they understand its purpose and how it operates?

Affirmative answers to most of these questions would indicate that the program was soundly installed. However, even the best installations can quickly become obsolete and ineffective if not properly administered. Let us examine some of the requirements of sound administration. These are illustrated graphically in the accompanying chart.

HUMAN FORCES

The Supervisor: If a job evaluation program is to be fully effective, it should have the understanding and cooperation of supervision. The supervisor should be able to answer any and all questions which his employees might ask about the program and its administration. If he is adequately informed on the aims of the program and is sold on the means for carrying out these aims, he in turn can be of great assistance in selling it to his employees. The supervisor should also know how the program functions so that he can keep the job evaluation committee or the personnel department informed as to any changes in jobs under his supervision, either through technological improvements or job reorganization.

The Union: Whether the original installation was made unilaterally or bilaterally, the union should be thoroughly informed concerning the job evaluation program. If the installation was bilateral,



FORCES BEARING UPON ADMINISTRATION

this has probably been accomplished at the same time that the program was implemented. If the installation was unilateral, the union may or may not be fully informed. To insure sound administration, the shop stewards and the union bargaining committee should be trained until it is felt that they thoroughly understand the entire job evaluation program. There are those who would take issue with this requirement and insist that the less the union knew about the program the better it would work. As labor relations progress, however, proponents of this argument are becoming fewer. A union that understands and believes in your job evaluation program can greatly assist in its administration. First, it can help to sell its membership and thus complement the selling job done by supervision. Secondly, it can help screen out time-consuming grievances regarding the program which might needlessly be processed through the grievance procedure.

Top Management: To be most effective, a job evaluation program must have the initial and continuing support of top management. (In fact, the ideal situation would be one in which the program was initiated as a result of executive policy.) Understanding of the program by top executives is a prerequisite for their support. They must be sold on the program before it is even begun, of course, but every effort should be made to keep them sold as it begins to assume a more routine

nature. If employees and supervision feel that the program has the enthusiastic endorsement and blessing of top management, they will in most cases be more ready to accept it themselves.

The Employee: To implement this selling job by both supervision and the union, the company can encourage the support of the individual employee by supplying information about the program in the "house organ," or by distributing specially-prepared pamphlets which explain the program in detail.*

INTERNAL FORCES

From time to time, old jobs are bound to change and new jobs are created. For this reason, successful administration must provide for rapid and fair evaluation of these changed and new jobs. If the employees feel that management is giving this matter prompt attention, they will be that much more firmly sold on the entire program.

As an adjunct to this re-evaluation, a review of existing job descriptions should be carried on systematically for several reasons. First, such a review would serve as a check on supervision and can point up any changes in jobs which supervisors may have failed to report or which employees may not consider significant enough to bring into the grievance channels. Second, a review of this type will have a favorable psychological effect upon employees since it will be tangible evidence of management's good faith in seeing that the program is administered fairly.

EXTERNAL FORCES

No matter how well a job evaluation program may be installed and administered, certain external forces will have a bearing on its long-range effectiveness. These are industry wage increases, changes in the labor market, and technological changes.

Wage Increases: In these days of rapidly rising wages and prices and industry-wide bargaining, several wage increases may occur within a company before the job evaluation program has been in effect for many years. If the program is based on a sound wage structure, set up after careful consideration of the community and industry wage picture, these wage increases should not affect the job evaluation program to any pronounced degree. It does make a difference, however, whether these increases are in cents across-the-board or whether they are percentage increases. The former type of increase will not influence the slope of the wage curve. On the other hand, wage increases by percentage force the slope of the wage curve to a steeper rise at the high end of the scale. Depending on the particular situation in effect in any given company, this may or may not necessitate some changes in point setups and labor grades. In view of the importance of the base rate wage curve to the ultimate success of a job evaluation program, periodic surveys of the area and industry should be conducted so that management may keep its finger on the pulse of the labor market in so far as it affects jobs covered under the program.

The Labor Market: A number of extraneous features may change the area or industry wage picture. Wages are, after all, strongly affected by the economics of supply and demand. A new plant may be built in the area and bid up the price of certain skilled labor groups. A step-up in the defense economy may likewise affect the labor supply. These changes

*An excellent example is that of The Armstrong Cork Company, which is reproduced in its entirety in *The AMA Handbook of Wage and Salary Administration*.—Ed.

may be connected with industry-wide bargaining or entirely separate from it, but their effect upon the wage curve of a company in such an area is unmistakable. If the industry or area wage rates change markedly, an immediate review of the company's wage curve is essential, and a modification or revision possibly warranted.

Technological Changes: An extremely important external force in recent years has been the technological change in the nature of jobs. For instance, the operation of today's modern electric utility plant requires only 20 per cent to 30 per cent as many employees as were needed for the same size plant 20 years ago. Although the electric utility industry has increased its output over 100 per cent in 10 years, it requires only 16 per cent more workers today than it did in 1941, and even more extensive technical developments are inherent in projects now under construction or on the drawing boards. For example, the change from manufactured gas to natural gas has had radical effects on the nature of some jobs in the gas industry. Increasingly complex electronic controls have necessitated greater skill in other jobs, such as that of service man. The main question is: Has the job evaluation program kept pace with technological progress? If the change in the nature of jobs is pronounced, an entirely new job evaluation plan may be necessary.

TECHNICAL FORCES

The successful administration of a job evaluation program presupposes that the plan, as installed, was constructed with suitable factors and degrees, properly weighted to fit the company situation, and applied to an adequate wage scale. Management is frequently guilty of going through all the steps of a job evaluation not realizing that what has been accomplished may not be of value if the evaluation is applied to an inadequate wage scale. Accepting the top and bottom rates of the existing scale is likely to defeat the many advantages of the program.

A job evaluation program may be thought of as a capital investment, like a plant building or a piece of heavy equipment. If the initial plan was poorly constructed or is not putting jobs into proper alignment with one another, it is usually far better to scrap it and start over with a fresh new plan, tailored to company needs and embodying sound techniques, rather than try to patch and repair the present plan. If the job evaluation plan itself is not sound, it can hamper and complicate proper administration to the point of rendering it ineffectual.

ADMINISTRATIVE PERSONNEL

The coordination of these forces, in most cases, will require an evaluation committee, preferably with membership whose terms expire at staggered intervals and which can be called together as the need demands. It will also usually require the services of at least one full-time administrator and in some cases a larger staff, depending upon the number of employees covered and the size of the company involved. The committee should be well trained and interested in its job. The full-time administrator and his staff should be well versed in all the forces bearing upon the proper administration of a job evaluation program and should endorse a modern and progressive human relations philosophy.

SUMMARY

If a job evaluation program is to be successfully administered, all the kinetic forces illustrated in the foregoing chart

and discussed here must be kept in continuous balance. A job evaluation program cannot merely be installed and expected to make its proper contribution to equitable wage or salary administration as a self-operating or self-perpetuating system.

If any one of the four major forces remains out of balance, the chances are that the program will eventually fail—or at least not reach its maximum effectiveness. On the other hand, if careful consideration is given to all four forces in an intelligently organized and administered program, the chances for maximum success are excellent.

The New Price Index: BLS Explains How It Works

THE comprehensive revision of the Consumers' Price Index may require the review of labor-management contracts covering some 3,500,000 workers, according to the U. S. Department of Labor's Bureau of Labor Statistics.

A descriptive pamphlet prepared by BLS, entitled *The Revised Consumers' Price Index,* details the improvements that have been incorporated into the revised index. These include the addition of about 75 new items, the adjustment of the "weight" of each item in the "market basket" based on the 1950 Survey of Consumer Expenditures, changes in the list of cities to include representation for medium-sized and small cities as well as large ones, and the adoption of a 1947-1949 base period. A major portion of the booklet is devoted to the adaptation of wage escalator clauses to the revised index. Conversion to the revised index from the "adjusted" and "old" series is discussed at length, and tables of conversion factors and index equivalents are provided.

Single copies of the pamphlet are available gratis from the New York Regional Office, Bureau of Labor Statistics, 341 Ninth Avenue, New York 1, N. Y.

"Employee relations are on the up and up, Bill! Only two suggestions we take cyanide, as compared with ten last week!"

—Courtesy *The Industrial Banker*

BEATING "VICTUAL VIPERS" AT THEIR GAME

MANAGEMENT has gone to war on the food front—to wipe out enemies in snack wagons, vending machines, and cafeterias.

The campaign has not begun too soon. In one company, for example, the personnel director discovered that the outside vendor who trundled a food cart through the plant was making "book" as an outside racket. Another employer found that a rolling canteen proprietor was cashing employee pay checks and charging exorbitant rates for the service. In another instance, food handlers were slicing the meats and cheese for sandwiches so thin that it would take a micrometer to measure the thickness.

But snack wagon entrepreneurs are not the only victual vipers worrying management. Private operators of employee cafeterias fall into slovenly habits and before long employees are not using in-plant feeding facilities at all but are going out instead to local eateries.

Most employee beefs against in-plant food are not along price lines. In fact, most employees' food spots are "in line" on prices, primarily because management is willing to make up the deficits. The major gripes center around *quality, quantity, sanitation,* and *service.*

Regular food surveys, periodic check-ups on portions, and frequent examination of menus are all part of the vigilance necessary to ensure good in-plant food management. The kind of alertness needed to keep cafeteria servings above par is this little technique used by Anheuser-Busch (St. Louis, Mo.). Once a month, the personnel director of the company orders a typical lunch from the cafeteria (run by an outside concessionaire). This lunch is sent down to his desk. At the same time, he sends out an office boy to buy a similar luncheon at a neighboring diner. The two lunches are then compared for price, portions, freshness and cooking. If the in-plant servicings are below the standard of outside diners, management raises the roof with the cafeteria management.

At Piasecki Helicopter Co. (Morton, Pa.), employees are invited to give their opinions. A suggestion box in the cafeteria asks: "Do you have any ideas to make this cafeteria more enjoyable?" This gripe box keeps the food managers on their toes.

An interesting philosophy goes with the cafeteria at Piasecki. The management believes that the eatery is a place for nourishment and relaxation. Therefore, no bulletin boards, no company signs, no memos—nothing that brings the job to mind.

Piasecki has another good idea on vending machines. The company does not give all its vending machine business to one firm. Two outside organizations man the vending machines. Competition keeps them on the job with good food and service.

—*Employee Relations Bulletin* (National Foremen's Institute), February 25, 1953, p. 13:3.

AN ESTIMATED 55 million man-days of work were lost through strikes during 1952. That's twice the 1951 total—and forecasters are pointing out the probability of further increase in labor difficulties in 1953.

—*Management Information* (Elliott Service Company, 30 N. MacQuesten Parkway, Mount Vernon, N. Y.) 2/2/53

SENIORITY CLAUSES IN CURRENT UNION CONTRACTS: A SURVEY

IN THE MIND of the average worker, the rights and benefits acquired through length of service serve as a strong deterrent to changing jobs. A survey made by the U. S. Employment Service in 1942 revealed that the most frequent reason for refusal to transfer to new jobs, given by 40.6 per cent of the men interviewed, was loss of seniority rights on their present jobs.

To determine the prevalence of various length-of-service benefits which make workers reluctant to transfer to new jobs, 330 current collective-bargaining agreements covering over 4 million workers were analyzed recently by the Bureau of Labor Statistics.

A few labor-management agreements currently in effect provide for the protection of seniority rights of employees who transfer to defense industries. Others allow employees to take their accumulated service if they transfer from plant to plant of the same employer. Some of these agreements permit transfer of service only for specified purposes, such as vacations, severance pay, and protection of pension rights.

Over three-fourths of the 330 agreements analyzed required that some degree of consideration be given to seniority in establishing the order of layoff. About 60 per cent of the agreements made seniority the governing factor in establishing the order of layoff, but almost half of these added a qualifying statement to the effect that the senior employees must be competent to perform available work. Under 12 per cent of the agreements, seniority governed the selection of employees for layoff only if the employees involved were approximately equal in ability.

Seniority was given most weight in layoffs in the mass-production industries, possibly because a large proportion of employees have approximately the same degree of skill and ability. More than 95 per cent of the workers covered by agreements examined in machinery, rubber, stone, clay, and glass products, petroleum refining, food and kindred products, and communications were employed under provisions which gave seniority primary consideration in layoffs. The proportion exceeded 75 per cent in tobacco, textiles, and electric and gas utilities, and was over 50 per cent in transportation equipment, paper, and fabricated metal products. In primary metal industries and chemicals, the majority of the workers were covered by agreements which made seniority the governing factor only where merit was equal. Construction was the only industry group in which none of the agreements studied gave consideration to seniority in layoffs.

In rehiring, seniority usually was given the same weight as in layoffs, because agreements commonly provided for rehiring in reverse order of layoff. Provision for rehiring by seniority gives each firm a reserve of its own experienced workers who are more likely to be available when needed.

Almost 60 per cent of the agreements required some consideration of seniority in promotions. Most of them specified that seniority would govern only if the employees were competent to perform the work or only if the employees involved were of equal ability. Particularly interesting was the finding that 136 contracts, covering 46 per cent of all the workers, made no reference to seniority as a factor in promotion.

Approximately one-fifth of the workers were covered by contracts which called for transfers from one job to another according to seniority. One-fourth of the agreements, covering about the same proportion of workers, provided that senior employees were entitled to first choice of shifts.

Choice of vacation periods was determined by seniority in a third of the agreements, covering 26 per cent of the workers, while over four-fifths of the agreements, involving 70 per cent of the workers, graduated the amount of paid vacation on the basis of employees' length of service. Graduation of sick leave according to length of service was provided in only 14 per cent of the agreements, covering about the same percentage of the workers.

Slightly over one-tenth of the agreements had minimum and maximum wage rates for the same job classification and a definite schedule of length-of-service wage increases within the rate range. Agreements covering almost one-fourth of the workers provided for severance pay in the event of termination of employment. Pay was usually graduated according to length of service.

—JAMES NIX. *Labor-Management Contract Provisions, 1950-51* (Bulletin No. 1091, U. S. Department of Labor, Bureau of Labor Statistics, Washington, D. C.), p. 14:4.

Professional Personnel Available from Government Agencies

WITH THE REMOVAL of government economic controls, and the consequent liquidation or reorganization of certain federal agencies, a large pool of professionally trained personnel in various occupational categories is now available to industry. These surplus government employees, many of whom were recruited directly from industry, possess knowledge and skills which are at a premium today in private business. A considerable number are qualified for positions at the managerial level.

The recent liquidation of the Wage Stabilization Board makes available to industry personnel qualified in the fields of industrial relations, wage and salary administration, economics, law, organization, and other fields of management. Organizations interested in obtaining further information or copies of résumés on available personnel in any of these fields should communicate directly with Mr. N. T. Shelton, Director of Personnel, Wage Stabilization Board, Washington 25, D. C.

Similarly, the National Production Authority of the U. S. Department of Commerce is reducing its staff as controls are modified or dropped. A partial list of the skills made available to private enterprise as a result includes the following categories: Accounting (Fiscal and Materials), Administrative Services, Budget, Business Research, Catalogers, Construction Engineers, Economists, Expeditors, Engineer Inspectors, Investigators, Lawyers, Merchandise Managers, Personnel Technicians, Plant Superintendents, Property Control, Public Relations, Purchasing, Sales Engineering, Sales Promotion, Statisticians, and Statistical Clerks.

Résumés of former employees of NPA will be forwarded without charge to interested organizations upon request to Fred E. Cashman, Personnel Director, National Production Authority, 5th and G Streets, N.W., Washington 25, D. C.

THERE ARE two ways of spreading light: to be the candle or the mirror that reflects it.

—EDITH WHARTON

Class of '53: Industry's Recruitment Plans

THE RUSH to enroll top graduates in industry is expected to be more hectic this year than ever before, according to a recent Conference Board survey of 195 leading companies. Participating executives reported the following reasons for the current emphasis on campus recruiting: Fewer students will be graduating in 1953, and the shortage of graduates in engineering will be acute this year. Fewer of the 1953 graduates will be available for private employment, since only 25 per cent of the male seniors across the country have completed their tour of military duty. More companies than ever before are interested in employing college graduates—their 1953 quotas, generally speaking, exceed the number of men recruited last year. One bright spot in the picture: Many young men called by the armed services two or three years ago, shortly after starting their jobs, are now completing their military duty and may soon again be available for employment.

Salaries offered selected college seniors will continue to increase in 1953, the survey indicates. The average monthly salary being offered regular A.B. graduates for 1953 is $308; for graduates in engineering, $334—representing an increase of 5 per cent and 8 per cent respectively over salaries offered last year. An M.A. graduate may expect $370 as a starting salary with manufacturing companies as against $312 in non-manufacturing companies, while a Ph.D. may start as high as $488 in industry. Now that government wage controls have been removed, some recruiting officers expect that the bidding may go even higher during the next several months.

Last year, the survey found, the average manufacturing company recruited about 60 students. This year, reports indicate it will try to hire 70. But more than 90 per cent of the companies surveyed are holding to their established practice of careful selection, despite pressures to try short cuts.

Men and Automation

MEN are still industry's most valuable asset. Sometimes we tend to forget that fact in this age of growing automation. It may even seem surprising that automation should require closer and more intelligent supervision of the manpower used than was necessary previously. Yet this is definitely so.

For example, Ford, at its highly automated engine plant, has one foreman for every 18 workers. The ratio prior to automation was one to 31.

What's more, the foreman now must know a lot more than he did before about the machinery and the processes under his care. He must know how they fit into the over-all production pattern.

Moreover, the men under him, on the whole, are of better-than-average skill. Therefore, to provide good supervision, the foreman must possess better-than-average skill himself.

—BURNHAM FINNEY in *American Machinist* 3/2/53

DESPITE the progress that has been made in recent years toward the elimination of discriminatory employment practices, the rate of unemployment for Negroes is still double that of white workers. Even in periods of relatively full employment, proportionately fewer minority group workers find jobs. Moreover, Negroes earn far less than white workers. In 1950, the average annual income of Negro families was $1,869—only 54 per cent as high as the average income of $3,445 earned by white families.

—*Equal Economic Opportunity* (The President's Committee on Government Contract Compliance, 1953)

Paid Holidays on the Increase

PAY FOR one or more holidays not worked is now included in about 88 per cent of all union agreements. Where holiday work is required, all but 4 per cent of all union agreements provide for premium pay.

These facts are revealed in a survey conducted by the Bureau of National Affairs, Inc., of some 400 existing union agreements representative of industries, areas, and unions of various sizes. The Bureau reported that in 96 per cent of all contracts analyzed there was a provision for as many as six holidays on which work is ordinarily not performed. Sixty per cent listed six holidays, and the other 36 per cent list seven holidays.

Although the holiday provisions vary from industry to industry, the Bureau said that petroleum, finance, maritime, and utilities have at least three out of four contracts calling for seven or more holidays. The same number is provided in half the contracts in chemicals, electrical products, and food and beverages.

Ninety per cent of all contracts studied required that one or more of the holidays be paid for, and 88 per cent required that pay be given for all the holidays specified.

—*The Supervisor* (Foreman's Association of America) 2/53

Also Recommended • • •

HUMAN RELATIONS IN COLLECTIVE BARGAINING. By Kenneth M. Thompson. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), March-April, 1953. Results of a series of intensive personal interviews conducted with management and union spokesmen of the farm equipment and tractor industry lead the author to regard with some skepticism current assumptions about the merits of better human relations in industry as a remedy for all types of worker dissatisfaction. Among his conclusions: Wages are by no means secondary to non-income objectives in the mind of the rank-and-file union member, though non-wage benefits do assume greater importance when the wage question has been satisfactorily resolved for a given contract period.

WORKING WIFE, $96.30 A WEEK. By Katharine Hamill. *Fortune* (9 Rockefeller Plaza, New York 20, N. Y.), April, 1953. Ten million American women leave their homes every weekday to work in offices and factories, for the simple reason that they can't, or won't, do without the things that their earnings provide for their families. This article pictures, warmly and in considerable detail, the life of one of these working women—her daily routine, her family's needs, and her plans for the future.

HOME IS WHERE THE PLANT IS. By William F. McDermott. *Nation's Business* (U. S. Chamber Building, Washington 6, D. C.), April, 1953. Participation in a vigorous community relations program has not only created good will for the International Harvester Company in Evansville, Ind., but has stimulated production and cut labor turnover at the factory, this article states. In addition to supporting a wide variety of youth, civic, and welfare activities, the company gives a cordial boost to its competitors to help establish the town as a world center for refrigerator manufacture.

GOOD EMPLOYEE RELATIONS IN A SMALL PLANT. *Factory Management and Maintenance* (330 West 42 Street, New York 36, N. Y.), March, 1953. An effective management philosophy of fraternalism (*not* paternalism) can pay handsome dividends for the small company in terms of high output and low turnover. Under the successful employee-relations program described here, employees of the Gorman-Rupp Company in Mansfield, Ohio, enjoy such benefits as: interest-free loans toward buying a home and 40 to 50 acres of land; a Christmas Savings Club in which the company matches—to a limit of $3 a month—what the employee banks; use of the shop and company tools after hours for hobbies and "home jobs;" a

company-owned regulation ball field serving junior's league, too; representation through a works committee; monthly profit-sharing, a retirement trust, and insurance protection.

INSIDE A WORKER'S HEAD . . . *Business Week* (330 West 42 Street, New York 36, N. Y.), January 31, 1953. Describes a relatively new management tool for pinpointing the sources of employee dissatisfaction: the depth survey, in which the interviewer goes beyond the range of a set questionnaire in an attempt to find what lies behind a simple yes or no answer. A major advantage of this technique, the article points out, is that by identifying specific causes of friction it enables the company to eliminate them without major organizational upheavals. On the other hand, it may uncover some troubles that management is powerless to remedy.

PLANNING BETTER COVERAGE FOR PROLONGED-ILLNESS. By Gerhard Hirschfeld. *The Spectator* (100 East 42nd Street, New York 17, N. Y.), February, 1953. As Director of the Research Council for Economic Security, Mr. Hirschfeld reports here on a study of some 400,000 private, non-agricultural employees which is currently being undertaken to gather data on the incidence and duration of prolonged illness, the nature of these illnesses, and how the costs of such illnesses are being met. Represented in the sample are all industries, establishments of varying sizes, the nine census regions of the U.S., and metropolitan, urban, and semi-rural communities.

IS ACCIDENT-PRONENESS A MYTH? By F. R. Clarke. *Canadian Business* (524 Board of Trade Building, Montreal, Canada), March, 1953. The author believes that accident-proneness is not a characteristic inherent in certain individuals but a condition that may be brought about by a variety of factors in the work environment or in the habits of the worker. Observing that several psychologists have questioned the validity of the statistical methods that were used to establish the concept, he cites the findings of other researchers in this country and Great Britain in support of his contention that accident-proneness can be corrected when its cause has been determined by careful investigation of the circumstances in the given case.

INDUSTRY'S STAKE IN THE REHABILITATION OF PROBLEM DRINKERS. By George F. Wilkins. *Industrial Medicine and Surgery* (605 N. Michigan Avenue, Chicago 11, Ill.), January, 1953. Analyzing available data on the incidence of alcoholism among industrial workers, an industrial medical director urges the adoption of rehabilitation programs as the one constructive approach to the problem. Citing a hypothetical case history to show that the employer has a definite stake in the rehabilitation of the problem drinker, he emphasizes that: (1) alcoholism progresses slowly and is not easily detected in its early stages; (2) disciplinary measures alone never solve the problem; and (3) three-quarters of all alcoholics in the United States are men between the ages of 35 and 55, ordinarily the most productive period of a worker's life.

THE NEXT AMERICAN LABOR MOVEMENT. By Daniel Bell. *Fortune* (9 Rockefeller Plaza, New York 20, N. Y.), April, 1953. A rising standard of living and management's steadily growing sense of social responsibility have given the business community new prestige in the public mind and put labor markedly on the defensive, the author asserts. He predicts that in the new era of "sophisticated conservatism," the guaranteed annual wage may be labor's last major demand for some years to come—a demand that management will find hard to resist, because it symbolizes the deeply felt desire of the wage-earner for equality with the salaried employee.

A SMALL PLANT GROUP COOPERATIVE MEDICAL SERVICE. By Doris M. Thompson. *Industrial Medicine and Surgery* (605 N. Michigan Avenue, Chicago 11, Ill.), January, 1953. The success of the Hartford Small Plant Group Medical Service, maintained by eight manufacturing companies to provide complete in-plant service and health education for a total of some 3,500 employees, is reflected in substantially reduced compensation costs, increased productivity, reduced absenteeism and turnover, and heightened employee morale. This article details the organization and operation of the service, and quotes the participants themselves in summing up its benefits.

TAFT-HARTLEY AND THE TEST OF TIME. By Benjamin Rathbun. *Harper's Magazine* (49 East 33 Street, New York 16, N. Y.), March, 1953. The Taft-Hartley law is no longer the bone of contention that it used to be, but its revision promises to be one of the most difficult tasks facing the new administration. In this analysis of Taft-Hartley's turbulent history and present status, a Washington journalist asserts that the past six years have provided no real test of the law's efficacy. In a period of economic distress, he argues, it might prove to be so powerful an anti-union weapon as to justify labor's worst fears.

Office Management

MONEY IN THE WASTEBASKET

A CLEAN-TOPPED DESK has long been the symbol of American executive efficiency. The assumption has been that an efficient manager is one who stays clear of paper work and devotes himself to decisions, people, and policies that will make money for his company. But the fact is that the work of executives is cluttered with paper. Moreover, some managements have lately begun to realize that a far better symbol of executive efficiency would be a full wastebasket, and are acting accordingly.

Most companies, bent on raising productivity, sales, or what not, have accepted as inevitable—and often as a sign of healthy growth—the expansion of clerical production. The introduction of carbon paper in the 19th century gave paper work its greatest boost, ushering in what Luther Gulick, a management engineer, calls the "carboniferous and neolithographic age." In addition, paper work has been successively expanded by typewriters, duplicators, tabulators, and a whole slew of other office machines.

No one knows how large business' output of paper work is, but it is unquestionably mountainous. In 1938, Equitable Life found that its accumulation of old papers would make a pile fifty-one times as high as the Empire State Building. A continuing housecleaning program has since reduced the pile by more than half.

The economics of creating, handling, and filing office papers is still pretty sketchy, but a Remington Rand study recently revealed some startling figures. Carbon copies of correspondence, it was found, comprise about one-third of the 3,000 to 4,000 pieces of paper in the ordinary file drawer. To create the contents of such a drawer costs nearly $1,000. Moreover, the average cost of maintaining one four-drawer file runs around $238 a year, depending on clerical salaries (about 80 per cent of the total) and the number of drawers handled by each clerk. These maintenance figures do not include overhead costs of supervision, building maintenance, taxes, or working space for the clerks.

According to the National Records Management Council, 95 per cent of all corporate paper work over a year old is never referred to. An analysis by the late Coleman L. Maze, an office-management expert, has shown that for every hundred pieces of paper filed, from one to 30 may be called back for reference, and he held that if this reference ratio is 100:30 or better the filing system is "probably good." However, if the ratio falls below 10 per cent, there is a greater "likelihood that separate (i.e., duplicate) files exist. When the reference is close to 1 per cent, it is likely that the main files will be only dead storage."

Since the tendency to mechanize the office is well developed in most companies, many have tried to solve their filing problems with microfilming machines. There is no doubt that microfilming old files can save space; in fact, the condensation ratio is about 99 to one. But it may be much cheaper and easier to store the

original records. The cost of preparing, filming, inspecting, and indexing the contents of a four-drawer cabinet runs to $80 or more.

Aside from the fact that few records need to be kept for years on end, microfilming has other disadvantages. Microfilmed files are hard to read and to index, and it usually takes much longer to find microfilmed references than it does to find references in an ordinary paper file. The greatest disadvantage of microfilming files, however, is that it perpetuates management's habit of keeping old records. The most effective way to break that habit is to prevent paper work from accumulating in the first place.

Of the many different "birth-control" techniques now applied to paper work, perhaps the most common are those resulting from efforts to simplify and speed up office procedures, particularly the control of forms. This is by no means easy, for new forms are always being born. "People will ask for a form to suit a special purpose," says Fred R. Jones, assistant to a General Foods vice president, "and after a while they move on—but the form stays." Executives, in his opinion, are the worst paper savers because "they work on an individualistic basis, and don't realize how much paper work they create."

As yet, few companies are willing to take the risks of making a frontal attack on their paper-work problems. Sometimes management simply may not be aware of office inefficiencies, but more often executives build up their files either to protect their positions and decisions against future criticism, or to enhance their status.

The extent to which managements are inclined to protect themselves with old files was revealed by a national survey of 55 companies made by a Chicago file specialist, Record Controls, Inc. A tabulation of their retention schedules on 111 common business papers showed that the shortest retention period—one month—was applied to only two papers (receiving reports and tabulating-machine cards). Three kinds of papers were retained permanently by all 55 companies, and nearly all permanently kept seven other kinds.

While federal and local laws make record retention necessary in a good many cases, managements seem inclined to play it safe by giving records a much longer term of life than is legally necessary. For example: The Fair Labor Standards Act requires companies to keep incoming and outgoing shipping records for two years; yet among the companies in this survey the average retention period for shipping tickets was 5.6 years, and two of the companies keep them forever.

Management's overcautious hoarding of papers, in short, seems to bear as little relation to law as it does to efficiency—a point that seems to be confirmed by Procter & Gamble's experience in reducing retention periods. The period on one type of record, which had been kept for six years and filled several hundred file cabinets, was reduced first to three years, then to one year, then to six months. It is now down to three months, and still the company has suffered no inconvenience or loss. As one top P. & G. executive said, "We will never know whether or not we have gone far enough with our program until we are hurt—and we haven't been hurt yet." Plainly, one thing that would help management solve its paper-work problems is a little capitalistic risk-taking.

—PERRIN STRYKER. *Fortune*, February, 1953, p. 144:7.

Banishing Office Bedlam

NOISE IN THE OFFICE may cut profits more than noise in the machine shop, it appears from a recent survey of over 5,000 offices reported by Sam L. Hooper of Remington Rand, Inc.

In 60 per cent of the offices studied there was some area where office noise interfered with employee efficiency and comfort. Some offices had taken steps to reduce noise by installing sound-absorbing materials on ceilings and walls, moving noisy operations to isolated areas, or providing private offices for executives. Forty-nine per cent of these companies reported more economical and efficient use of the telephone, 48 per cent noted improvements in accuracy of typing and clerical work, 34 per cent reported an increase in the volume of work produced, and 8 per cent had a marked decrease in absenteeism.

One large insurance company reported that when the noise level of its offices was reduced general efficiency rose about 9 per cent, reducing typing errors 29 per cent, machine operators' errors 52 per cent, and employee turnover 47 per cent. The company concluded that it had saved $58 per employee in the first year of lower noise levels. In another instance, the telephone room of a large telegraph company, after acoustical treatment, reported a 42 per cent reduction in errors, with a consequent 3 per cent drop in costs.

The effect of noise varies with individuals, according to Mr. Hooper. While a routine worker's efficiency may drop by perhaps 5 per cent under noisy working conditions, an executive may experience a 30 per cent loss.

—*Industrial Bulletin* (Arthur D. Little, Inc., Cambridge, Mass.) 2/53

A Stone Tablet for the Boss

HAVE A TASTE of your own dictation, boss. Here are "Ten Commandments for Bosses," as drawn up by 100 secretaries of New York business executives:

"1. Thou shalt take a short course in penmanship.

"2. Thou shalt not invade the sanctity of thy secretary's file cabinet.

"3. Thou shalt not mumble.

"4. Thou shalt not chew thy pencils and then expect thy secretaries to sharpen them.

"5. Thou shalt remember that thy secretary is human and therefore thou shalt not expect the impossible.

"6. Thou shalt not commence to dictate after 4:30 p.m.

"7. Thou shalt keep sacred the coffee hour.

"8. Thou shalt not bear false witness against thy secretary for thine own errors.

"9. Thou shalt not covet thy secretary's stapler nor her cigarets.

"10. Honor thy wonderful, intelligent, indefatigable, indispensable and beautiful secretary with a fine raise."

—*New York World-Telegram and Sun* 4/8/53

A SPECIAL office training program adopted by the William Carter Co. will cover 18 months' roving apprenticeships. General office background will be given to trainees assigned to the order, shipping, credit, general accounting, cost accounting, tabulating, and purchasing departments.

—*Office Executive* 1/53

LEVELING PEAK LOADS IN THE OFFICE

A COMMON approach to solving peak loads of work in the office is to carry a permanent reserve of personnel to meet fluctuations when they occur. Another favorite crutch is overtime. Both are luxuries at best.

Various alternatives are available in meeting a given peak load problem. First, let's discuss the methods applicable where the performance schedule is somewhat flexible. Where feasible, efforts should be made to smooth out the irregularity in work volume before it hits the office. This may be done by varying or re-timing sales efforts where losses in volume or in quality of service are not prohibitive; or it might be advisable to secure advance orders, do more producing for stock, or in other ways try to stabilize the pattern of incoming volume.

Where service requirements do not require rigid deadlines or exact completion dates, you might be able to maintain a controlled backlog of incoming work and feed it through evenly. You might do cycle billing—that is, stagger due dates for reports, payrolls, and other work involving deadlines. Or you might dovetail work not varying with customer demand with that which does. Every office staff must perform such routine work as bringing records up to date, getting data in shape for control reports, going over files, and checking and replenishing supplies. Such activities have low time priority.

Most work can be divided into make-ready, do, and clean-up phases. Some flexibility may be found in getting preliminary information together, keeping cumulative totals, heading up forms, and taking similar preparatory steps before an expected peak hits. Less urgent steps such as summarizing, filing, and preparing control reports often can be postponed.

Second, let's look at the methods applicable where the performance schedule is rigid. Where work involves some duties not requiring regularly assigned personnel, you might provide one or more general utility workers in the department who can be shifted about as needed. Or you might have an unassigned, utility group that can be called upon for help during periods of peak loads, vacations, absences, etc.

Where some duties could be handled by outsiders, you might hire temporary or part-time workers. Or you might "farm out" part of the overload to service agencies. Available services include accounting, letter services, microfilming, punch-card service bureaus, and stenographic services. These agencies often can do specific types of work more economically than a firm can do them with its own personnel and equipment.

Where work requires the special skills and background of regularly assigned personnel, substantial relief may be obtained by having those employees most directly concerned work 8½ hours on the day known to be heavy, 7½ hours on the day known to be light, or on some other adjusted schedule. Or certain employees or departments might work regularly on a special schedule—starting their workday earlier than the others or otherwise accommodating their hours to the demands of the operations concerned.

If all these possibilities fail, or cost more than about double the normal unit costs for the work involved in a peak load, then—and only then—should you resort to overtime.

—C. L. LITTLEFIELD, *Office Executive*, Vol. 27, No. 11, p. 11:4.

Breaking In New Secretaries—Painlessly

MORE OFTEN than not, private secretaries are thrown into their jobs to sink or swim. In consequence, a good deal of company time and money is wasted, the secretary's boss becomes impatient, and their important relationship gets off to a very bad start.

To avoid troubles of this kind, new secretaries at Arthur Kahn, Inc., New York, are trained to handle every office job. As soon as a girl comes in on the first day, the office manager goes through the handbook of company policies and practices with her, answering the girl's questions and giving explanations where necessary.

The new secretary is then given a manual, containing samples of every type of stationery and form she might encounter, and listing the names of all executives and employees, with brief descriptions of their duties. One page lists the different types of correspondence—to customers, suppliers, salesmen—the kind of stationery to use for each, the number of copies to make, and whether the letter is mailed or picked up for inter-office delivery. Other pages illustrate the letterheads used. An appropriately styled text typed on each of these lists special points the secretary should remember when she is typing that particular kind of correspondence.

All carbons of letters sent out are left in the file box on each secretary's desk. For the first two weeks a girl is on the job, the office manager collects these carbons, reads them, and immediately brings any errors to the girl's attention. Brief talks with both boss and secretary during the initial two-week period smoke out any misunderstandings or potential friction points and enable most of them to be quickly eliminated.

—*Supervisor's Personnel Newsletter*
(Bureau of Business Practice, New London, Conn.) 3/2/53

Telephone Etiquette—Beyond the Switchboard

SWITCHBOARD operators usually are aware of the importance of good telephone manners—but the person who ultimately receives the call may be discourteous enough to leave the caller with an unfavorable impression of the whole company.

Several companies are making tests to find out how callers fare once they get past the pleasant voice on the board. For example, a Chicago firm recently arranged for a loudspeaker hook-up, and then, in the presence of a group of company people, called a number of its branch offices. The caller tried to purchase a normal quantity of the company's best-known product. His treatment at the hands of order clerks ranged from bad to worse. Then he called the office of one of the airlines. The service he received over the phone was outstanding in its quality—pleasant, courteous, efficient.

Nobody was fired. The group was told that it was the fault of the indoctrination program and of supervisors who had failed to maintain standards of service and courtesy. "We must make people understand that people who telephone us think of us not as individuals, but as the company. This is even more true of telephone contacts than of our everyday personal contacts with people."

You may want to check your own "voices behind the switchboard." It's good business.

—*News Letter* (The Dartnell Corporation) 2/20/53

DESPERATE: A Seattle advertiser offered a "good opportunity for an inefficient stenographer to work until we can secure an efficient one."

—*The Employment Counselor* 3/53

Clerical Errors Nipped in the Bud

TO HELP LOCATE and eliminate problems arising during the installation of a major procedural change, a "Record of Error" form has been introduced in the offices of a midwestern company. Any clerk detecting an error corrects it (when permissible), completes two copies of this new form, and forwards both through her supervisor to the department head. From there, one copy is sent to the department in which the error originated, so that necessary remedial action can be taken. From time to time, when an analysis of errors is needed in any operation, these forms will be used to provide an easy method of classification.

—*L.O.M.A. Bulletin* (Life Office Management Association) 3/15/53

Also Recommended • • •

LET'S IMPROVE OUR REPORTS AND LETTERS. By Dennis Murphy. *The Internal Auditor* (Institute of Internal Auditors, 120 Wall Street, New York 5, N. Y.), March, 1953. Business reports and letters need not be dull and pompous if the writer thinks before he writes, uses simple words, keeps sentences short and, above all, uses the active rather than the passive voice, says the author in an address to the Tulsa Internal Auditors Institute, reprinted here. He also gives helpful suggestions on completing business reports so that the executives who read them will have all the facts upon which to act, and includes a bibliography on improving the language of audit reports and other business communications.

THEY DON'T COME READY MADE. *Record Trends* (Record Controls, Inc., 209 South La Salle Street, Chicago 4, Ill.), March-April, 1953. Newly hired file clerks, even if they have had some previous experience, almost always need to be familiarized with the special characteristics of the new job. This article describes the basic elements of an adequate in-training course, suggests some useful teaching methods, and reports on the highly successful experience of a midwestern firm that set up an in-training course to develop new files personnel staff after a move to another city had deprived it of its entire former records staff.

OFFICES EXECUTIVES NEEDED. *American Business* (Dartnell Publications, Inc., 4660 Ravenswood Avenue, Chicago 40, Ill.), March, 1953. A revolution in executive working areas is resulting in offices which are planned, built, equipped, and furnished to serve as model work units which are engineered to meet the needs of a particular routine. A large office with a conference table for the executive who receives many visitors, an adjoining private study for uninterrupted work, the L-shaped desk for quick conferences, a timesaving kitchen to serve the needs of executives and their visitors, corkboard wall sections for display material, built-in files, controlled temperature, scientific lighting, and colorful window treatment are among the special features discussed and illustrated here.

THE NAVY IS STUDYING ELECTRONIC COMPUTERS. By Edmund D. Dwyer. *The Office* (270 Madison Avenue, New York 16, N. Y.), February, 1953. A concise but fairly comprehensive discussion of the digital computers now available for use in office operations. The author explains, in non-technical language, the operating principles of these machines; quotes data on their prices, rentals, and operating costs; and provides an estimate of staff requirements for a typical computer installation whose operations are confined to routine statistical calculations.

HOW OFFICE EXECUTIVES ARE MEETING THE SHORTAGE OF CLERICAL HELP. *The Office* (270 Madison Avenue, New York 16, N. Y.), February, 1953. Thirteen office executives, representing a variety of companies and government agencies, outline the measures their companies have adopted to achieve more efficient utilization of office personnel, and, in some cases, to fill new jobs with qualified clerical workers. Two of the firms report successful use of the student cooperative plan, under which high school students fill part-time jobs with the company, becoming full-time employees after graduation.

HOW TO GET MORE FOR YOUR FUEL DOLLAR

Rising utility rates and higher coal prices are putting a new premium today on improving the efficiency of industrial power and heating systems. Moreover, many companies located in areas where electric power is tight have been forced to consider ways to safeguard against interruptions in service.

If you plan to install a new system or are interested in getting better performance from present equipment, it may be wise to consider whether you can convert equipment to use a cheaper fuel. Since differentials between coal, oil and gas have changed considerably in recent years, companies which haven't recently reviewed the relative costs and advantages of each type of fuel may be missing real savings. To get a preliminary idea as to whether changing to another fuel will result in economies, figure your fuel costs in terms of BTU (British Thermal Unit) value as well as market price. No. 2 fuel oil produces about 139,000 BTU per gallon; No. 6 fuel oil, 150,000 BTU per gallon; and natural gas, 1,000 BTU per cu. foot. Coal varies by grade, but a ton of soft coal averages 28,000,000 BTU as against an average 24,000,000 for hard coal.

Don't overlook storage costs; remember that coal is easier to store than oil, and that since natural gas requires no storage it may make possible a saving of facilities that will more than offset a higher cost per BTU. If you've considered installing convertible facilities to guard against interruptions in supply of your regular fuel, you may want to buy equipment that will permit use of the most favorably priced fuel during a given season. The long-range price and supply outlook for your area should also be weighed in selecting a fuel.

If you buy electric power, you may be able to find ways of cutting costs by investigating these points:

1. *Are you employing the most economical utility rate schedules in the light of your present power needs?* Many companies overpay because the rate schedule originally set up by the utility is no longer the cheapest possible arrangement. Utilities will generally be glad to cooperate on a review and will gear their rate schedules to give customers the most efficient service. If your production plans are at all flexible, it may be possible to shift heavy loads to take advantage of lower off-hour and off-season rates.

2. *Do you use a stagger system to start heavy machinery with higher power consumption?* Utilities base their rates on your maximum consumption peak during the month as well as on amount of power used. Thus, it may be wise to start machines in sequence rather than all at once. Similarly, it pays to avoid running all heavy equipment at top speed simultaneously.

3. *Do you take steps to maintain your highest practical power factor?* If you do, you may be able to get a special discount from your utility. Also, since a high power factor allows more steady voltage, your power lines will be able to handle additional equipment.

Power and heat costs can often be re-

duced at little expense by installing accessory units to make existing equipment operate more efficiently. These are some of the newer devices that are especially worth checking:

Modern high pressure boilers, used where process steam requirements are high, permit greater build-ups of steam so that the same fuel does additional work.

Spreader stokers, attached to coal furnaces, will distribute the fuel more evenly and burn it more completely, besides permitting the use of cheaper grades of coal.

Gas fired heaters are valuable where it is necessary to space-heat large areas. The heating units, usually hung from the ceiling, achieve maximum heating effect and minimum interference with production or office layout. Also, they heat up quickly in the morning, and are much cheaper than other systems of equal efficiency.

Many companies are installing their own turbo-generators and steam boilers, which can result in lower power and heating costs, insurance against power failures during storms, and protection against interruptions in service or increases in rates. For smaller companies, however, this generating equipment is seldom economical when used for power alone. It may be practicable, though, to use equipment for space heating as well as power. Another possibility may lie in combining power generation and process steam.

—*Operations Report* (Research Institute of America, Inc., 292 Madison Avenue, New York 17, N. Y.), Vol. 6, No. 24.

Radio-Guided Handling Aids Production

SLIGHTLY LESS than a year ago, Standard Pressed Steel Co., Jenkintown, near Philadelphia, put four of its fleet of industrial trucks under two-way radio control. Among the big gains: Trucks now do 50 per cent more work; time in getting a truck to a spot where it was needed has been reduced from 45 minutes to five minutes; swift delivery of raw materials and partly finished pieces to the machines has opened bottlenecks and boosted production; and, since delays and competition for trucks have been drastically reduced, employee morale has been improved.

The SPS radio station is a transmitter-receiver similar to those used by motorized police. The station itself, and the dispatcher and the drivers who use it, are licensed under the FCC.

The company has found that, with materials dispatched to machines without delay, expensive operator time is not wasted; products in process are speeded from department to department; emergencies are dealt with in stride; loading and unloading at truck ramps and rail sidings are methodical and orderly; key men can be found quickly; and a breakdown of a truck is reported immediately. Operators can talk with each other as well as with the dispatcher and thus agree, at times, on a faster, more efficient assignment of work than a dispatcher might originally direct.

Radio engineers insulated the receivers and senders so that messages come over clear and sharp, undisturbed by background production noises.

Before installing the control system, early last year, SPS ran a series of tests by walkie-talkie throughout the big plant. In the factory are some 12,000 tons of steel, including about 2,000 in the structure, 5,000 in machinery and 4,500 in raw materials. A few dead spots were found, but by plotting the ideal location for the transmitter, these were eliminated.

—*Flow* 1/53

Safety Reasoning—In Rhyme

TO STIMULATE safety-consciousness, the Washer Co., Binghampton, N. Y., confronts employees with the following thought-provoking stanzas:

If you are careless
You have two chances—
One of having an accident
And one of not.

And if you have an accident,
You have two chances—
One of getting injured
And one of not.

And if you get injured
You have two chances—
One of dying
And one of not.

And if you die—
Well, you still have two chances—
But why be careless
In the first place?

—*Mill & Factory*, Vol. 51, No. 5.

Following Up the Safety Inspection

AN IMPORTANT feature of the safety program which has reduced the accident frequency rate at Schick, Inc., by more than 75 per cent in the course of the past seven years is a safety committee which includes the general foreman of manufacturing, the general foreman of assembly, the maintenance foreman, the superintendent of tools and equipment, and one of the methods engineers.

This committee makes a monthly inspection tour of the plant, spending about half a day to make a thorough inspection of each department. The team goes into a department unannounced, and the foreman concerned answers any questions that come up. A few days after the tour, the committee writes to the foreman of the departments where hazards have been spotted. A copy of these memos remains in the safety committee's files, and the next month's inspection team checks to determine whether the conditions have been corrected. These memos spotlight the kind of thing a foreman might miss because he's so close to his own operations.

—*The Foreman's Letter* (National Foremen's Institute, Inc.) 3/30/53

ABOUT TWO-THIRDS of the tool and die makers in the United States have served apprenticeships, according to a recent bulletin of the United States Bureau of Labor Statistics. Apprenticed workers entered training at earlier ages and qualified in fewer years than did the men who were not apprenticed. Of the tool and die makers who had not qualified by apprenticeship, about 20 per cent had some other, more or less formal on-the-job training. Most of the others had been in machine-shop work a long time, had operated most machine tools on the production line, and had been able to pick up the trade—generally in a much longer time than the apprentice training period.

HOW STANDARDIZATION PAYS OFF

In each of the two great emergencies through which this country has passed in the present century, the value of standardization has been demonstrated. This is especially true today. As restrictions on the use of materials, the employment of substitutes, and the limitations of a variety of products have begun to be felt, attention has been increasingly focused on standards as a means of stimulating production.

To determine the extent of net savings and specific economic benefits attributable to standardization, a major study covering 140 documented case studies representing 81 industries and industrial products was conducted recently by the American Standards Association. This study revealed a sharp rise of the standards movement since the war, particularly in the past two years. Company after company referred to recently installed standards programs, and others spoke of programs not yet completed or about to be started. Such phrases as: "the full impact of this specification has not been felt," "we are still in the early stages of this program" and "we have only partially obtained our goal to standardize," were frequent in the replies.

The most obvious generalization that can be drawn from the results of the survey is that standardization is an essential element of the American industrial system. The cases studied show standardization programs in all stages of development.

In several instances, the decision had been reached early that standards were essential; thereafter, there was no further question as to their utility, and records of specific savings were not kept. For instance, one large manufacturer reported that economic savings could not be itemized because the necessary information was not available, but after describing the company's early experiences said: "At this stage of our standardization work the 'economic net savings' were very apparent, and we were completely 'sold' on its value." On the other hand, another very large establishment maintains an accurate record showing the extent of application of its standards and the annual savings attributable to their use.

Analysis of specific data provided by 61 companies replying in the survey showed that the greatest number of these firms (over 75 per cent) derived savings from reduced inventories of materials, parts and end products. Nearly the same number (72 per cent) listed the purchase of "larger quantities of fewer items" and the use, in engineering, of "accepted standard specifications" vs. special specifications as sources of savings.

The next greatest number of companies (67 per cent) gave "buying most economical quantities," "use of industry, national, or other standard specifications," and "variety reduction and interchangeability" as advantages they had realized.

Among other sources of economies mentioned by from 26 per cent to 54 per cent of the answering companies, "fewer materials and smaller variety of parts" and "minimum storage and warehousing costs," stood highest. Ten per cent of the firms indicated that they had derived savings from "modular coordination," and 40 per cent credited standardization with improving inter-departmental coordination.

—*Dollar Savings through Standards* (American Standards Association, Inc., 70 East 45th Street, New York 16, N. Y. $1.00) p. 1:2.

Fluorescent Lighting Facts

IN THE PAST, fluorescent lighting has been regarded by physicians and others as possessing harmful qualities not found in other forms of artificial illumination or in daylight. Both the ultraviolet and infra-red components have been suspected. The Joint Committee on Industrial Ophthalmology, after consultation with specialists in the production and use of light, holds the following opinion:

1. The ultraviolet energy from clear blue summer sky-light is three to four times as great per foot-candle as fluorescent light.

2. Light from fluorescent lamps resembles daylight more closely than that from tungsten-filament lamps. This color resemblance to daylight is a desirable quality.

3. Infra-red energy found in fluorescent lighting as now manufactured produces no known physiologic effect except that due to heating. Fluorescent light generates less heat per candle power than tungsten lamps.

4. Glare occurs in any system of lighting. Its solution rests with illuminating engineers.

5. Individual differences occur in the level of illumination (foot-candles) required to provide a satisfactory degree of visual efficiency and eye comfort. These standards can be readily maintained in working places through use of properly installed fluorescent lighting.

6. Noticeable flicker is largely eliminated in modern fluorescents.

Fluorescent light is not harmful to vision. It should not cause eyestrain if properly installed.

—*The Journal of the American Medical Association*

Also Recommended • • •

NEW IDEAS IN PLANT CONSTRUCTION. *Modern Industry* (232 Madison Avenue, New York 16, N. Y.), Vol. 24, No. 5. Industrial plants can be built better, faster, and with greater flexibility today with the development of new structural materials and new construction techniques. Among the new shapes, structures, and materials described here are: lightweight steel and aluminum panels for roofing; prestressed concrete and laminated wood beams; modular design; movable steel wall panels; completely prefabricated steel or aluminum buildings; a new foundation-borer that speeds foundation-laying; and mixed-in-place piles made from the earth itself.

PUT THE UNUSED CEILINGS TO WORK. *Flow* (1240 Ontario Street, Cleveland 13, Ohio), Vol. 7, No. 11. Handling goods via overhead equipment can reduce congestion, gain additional floor area by narrowing aisles, and speed material flow. This article describes how traveling bridge cranes, monorail systems, conveyors (trolley chain, cable, belt, slat, gravity wheel, roller), and hoists can be used for shipping and receiving, for interdepartmental flow, at machines and work stations, for various maintenance jobs around the plant, and during storage. Photographs, sketches and diagrams illustrate 20 examples of overhead handling.

AIR—KEY TO SMALL PLANT AUTOMATION. By Arthur H. Allen. *The Iron Age* (100 East 42nd Street, New York 17, N. Y.), January 15, 1953. Many industrial operations in the small plant can be easily mechanized and speeded with relatively inexpensive air-powered tools and controls. This article tells how to get the most from a compressed air system, describing the steps that should be followed in selecting and installing equipment and in laying out the distribution system.

PROGRESS IN AUTOMATIC PRODUCTION. By H. L. Waddell. *Mechanical Engineering* (American Society of Mechanical Engineers, 29 West 39th Street, New York 18, N. Y.), March, 1953. The ultimate automation of industry would not bring about economic catastrophe, the author believes, because the displacement of production workers caused by the integration of process machinery with automatic materials-

handling equipment would be gradual and would be counteracted by a greater demand for labor in service and distribution industries and by the spread of employment resulting from higher production levels, the shorter workweek, and earlier retirement of workers. Analyzing the mechanical and managerial requirements of automation, the author points out that a complete overhauling of the structure of management would be required if the advantages of the shift from men to machines, such as lower labor costs and tighter quality control, are to be obtained.

BUY OR LEASE MATERIAL HANDLING EQUIPMENT? By Roy Fellom, Jr. *Pacific Factory* (709 Mission Street, San Francisco 3, Calif.), March, 1953. Leasing lift trucks and portable conveyors, even when it will result in no direct savings for the lessee, will preserve the operating capital that would be required to purchase the same equipment, permit a better balance-sheet position to be maintained, and offer definite tax advantages, this article points out. The author explains the features of the short term "accelerated payment lease," provides a detailed comparison of the net costs of purchasing and leasing in a hypothetical case, and cites a few negative considerations which the prospective lessee should consider.

YOUR DISPLACED MACHINES. By William E. Moyer. *Factory Management and Maintenance* (330 West 42 Street, New York 36, N. Y.), Vol. 110, No. 8. Without proper inventory control, says the author, displaced machines may be neglected until they are fit only for the junk yard. After illustrating this point by two informal case studies, the article lists eight principles of adequate machine tool inventory control. A sample machine record card shows the simple paper work that is required.

HOW FORD ORGANIZES AUTOMATION PROGRAMS. By John McDougall. *American Machinist* (330 West 42 Street, New York 36, N. Y.), February 2, 1953. The experience of the Ford Motor Company in developing successful automation systems, with the entire job being fabricated by contractors outside the company, is outlined in this article. Among the recommendations: allocation of responsibility to one automation engineer for work on a complete unit; close coordination when determining the extent of automation that is justified; joint consultations with the plant layout section, the process department, and tool and die design after management approval of the program; specifications which clearly define the part under consideration, work to be done, and materials required; and an agreement whereby the contractor undertakes to design, fabricate, machine, deliver, install, and test all automation equipment before acceptance by the company.

PRACTICAL CONTROL "TOOLS" FOR SHOP FOREMEN. By David A. Goss. *Production Engineering & Management* (Birmingham, Mich.), February, 1953. Because of the common failure of labor standards to keep pace with technological developments, improved production methods seldom achieve all that was originally expected of them. The five-point labor standards control program outlined in this article incorporates procedures for requesting process changes and issuing revised process sheets. Suggested forms to be used in connection with the program are illustrated.

HOW TO FIND AND CONTROL YOUR MAINTENANCE COSTS. By Harold E. Bliss. *Factory Management and Maintenance* (330 West 42 Street, New York 36, N. Y.), March, 1953. A case history of one company's long-range program for improving maintenance service and controlling and reducing maintenance costs. The author illustrates how such a program can cut materials costs, simplify paperwork, speed performance of maintenance jobs, save foremen's time, and coordinate maintenance more effectively.

HOW TO CONTROL SHOP COSTS. By Albert E. Grover. *American Machinist* (330 West 42nd Street, New York 36, N. Y.), March 16, 1953. This special report for the metalworking industry describes methods of controlling manufacturing costs applicable to both jobbing and production shops. It concentrates on basic concepts underlying common costing methods rather than upon accounting details. Included is a discussion of the reports the shop owner or executive should have, with illustrated suggestions on how they should be prepared.

AN EXECUTIVE DEVELOPMENT PLAN FOR PURCHASING PERSONNEL. By C. W. Cassidy and C. T. Hardwick. *Purchasing* (205 East 42 Street, New York 17, N. Y.), Vol. 33, No. 3. The foundations, organizational aspects, and guiding principles of a general program for the development of purchasing executives are discussed in this article, which recommends that purchasing management give special attention to the development of four "core skills": technical knowledge of purchasing, general administrative ability, familiarity with the theory and practice of personnel administration, and the ability to analyze and evaluate social and economic problems.

Marketing Management

WHAT CAN BE DONE ABOUT UNPROFITABLE ORDERS?

AS LITTLE AS a 5 per cent drop in sales volume will put a great many companies in the red, according to sales executives representing a wide variety of businesses. Dartnell research editors, investigating the problem of unprofitable accounts, found that the primary cause of this condition is the high break-even point existing today.

Among the major factors governing break-even points are the time, money, and effort squandered on accounts that are unprofitable to obtain and that probably never will show a profit, yet which the company fears to drop. The greatest single need in many companies, many executives say, is an adequate bookkeeping system on sales costs.

Here are the first six reasons why executives regard small orders as being unprofitable: (1) they generally cost as much to process as much bigger and more profitable orders; (2) they require extra personnel; (3) they are usually small runs and thus expensive to produce; (4) they result in broken package lots and often require a variety of packaging; (5) they run up warehousing costs; (6) high change-over costs often prevail when handling small orders, though they are often ignored in the desire to add dollar volume.

Some of these small orders are justified or unavoidable. In other cases, company policy is involved. Here are the general types: small accounts, which differ from small orders in that the companies are small or use the product in small quantities or infrequently; "ship directs," a condition aggravated by wartime shortages; hand-to-mouth buying; special products, mill runs, accommodation orders; normally small units (particularly common in the pharmaceutical field where deterioration may be a factor); profit ratios and markups differing between products or lines; and repair parts—the most typical small and unprofitable order.

Three common alternatives to handling the small account are to assign it to a distributor or dealer, increase the price to offset the increased cost of handling, or establish minimum orders. The latter is probably the most common solution.

A good customer will be given special consideration, naturally, if there is danger of losing the account. However, minimum order restrictions often run headlong into such considerations as repair and replacement parts orders, potential of the account, maintenance of good will, and competition seizing the golden opportunity to "provide service."

Some companies find that keeping a number of small accounts on the books has a stabilizing effect—it avoids the "eggs in one basket" danger. But more important, nothing is so disturbing as dropping an account and having it suddenly blossom into a prize account. This doesn't happen often, yet it haunts the mind of every sales manager.

However, according to Dun & Bradstreet, 68.2 per cent of the businesses failing in 1950 were four years old or less. Under these conditions, holding on to a company and expecting it to grow

into a profitable account has a mortality risk as well.

Closely related—in some cases a corollary—to the minimum order limit as a profit control is *the selection-of-account approach.* Its basic concept is that a carefully selected account will normally place profitable orders. But sometimes this obvious fact is overlooked.

An equally obvious but often neglected method for making accounts more profitable is to provide salesmen with data that will help them *promote the low-volume accounts* up to larger and more profitable ones. The accounting departments supply the sales departments with financial and operational details on the bottom accounts so that salesmen can suggest to these customers other products or lines that might be added. Similarly, salesmen are given instructions to concentrate on the larger accounts, rather than on the smaller ones. This approach also involves account analysis. The three most common ways to make an account analysis and to set up performance measurements are:

1. Through company records. This includes amount of order, frequency of order, kind of purchase made, credit experience, and the salesman's call report showing number of calls, average size of order, and cost per call.
2. By growth records. Company records, the account's records, and its annual report will show increasing sales volume, personnel, plant facilities, and improved financial standing.
3. By outside developments. These are related developments that make certain accounts more profitable to have on the books. Release of defense contracts and public works bids are examples.

Dun & Bradstreet states that it costs from $50 to $500 to put a new customer on the books. And Corning Glass Works informs its salesmen that it takes nearly $115 of extra sales to make up for an additional sales expense of $10.

It might be pertinent to conclude by pointing out that Woolworth made a fortune on small orders—but he went broke first trying to find the right combination.

—BLAINE S. BRITTON. *American Business,* March, 1953, p. 22:3.

More Families—But Smaller Households

AMONG THE FACTORS that have been offsetting our record number of births and making for smaller families are new marriages without issue, a high level of economic activity—which enables some married couples and many aged persons to live in their own homes instead of with relatives, and the ever-increasing life span. Here are the figures: In 1890 there were 4.93 persons in the average household; by 1940 the number had dropped to 3.67; and in 1947 it stood at 3.55. Today the average is only 3.33.

—*Sales Management,* Vol. 69, No. 9.

PRICELESS: "The ability to speak several languages is an asset, but to be able to keep your mouth shut in one language is priceless."

—*The Employment Counselor* 3/53

THE "BIG THREE" PROBLEM AREAS IN SALES MANAGEMENT

No matter what you sell, it's at least six to one that your biggest sales headaches are concentrated in these three common management situations:

1. The salesmen's rewards for accomplishing desired results are not clearly understood. The old question, "What's in it for me?" is not answered.

2. The salesmen have not received an adequate definition and understanding of their responsibilities. The question of "who sells what, where, and to whom" is not clear.

3. The salesmen do not really know how to do their jobs. The often heard statement of "O.K., we know what they expect, but who can do it?" is not answered.

The three major problem areas, then, are *compensation, job definition,* and *training*. Each represents an opportunity for improved management which, if properly exploited, can bring relatively fast results in increased sales and profit—and in improved morale in the sales force.

I. Compensation. The most effective modern compensation plans are designed around several basic principles.

The compensation plan should be designed to achieve company objectives. Some compensation plans are designed to pay only on volume when there are other equally important company sales objectives. In many instances the company is also interested in margins, emphasizing certain product lines and customer groups, or in obtaining new key accounts. When the compensation plan and rewards are based on the company's marketing objectives, salesmen's and company's interests become synonymous.

The salesmen should be compensated at fair rates for indirect as well as direct sales activities. Some plans pay salesmen a high commission rate on volume and a relatively low base salary. At the same time, the salesmen will be expected to do a good share of missionary, credit, merchandising, or technical service work that will not produce important sales volume. When base salaries are adjusted or the emphasis of the plan is shifted from volume, the salesmen are relieved of economic pressure to produce only volume and the difficulty is corrected.

The method of calculating incentive payments should be easily understood by the salesmen. There is a strong psychological plus in an incentive compensation plan that salesmen can easily compute on records made available to them.

Incentive compensation should be paid promptly. This assists the salesmen in associating earnings with successful efforts.

Pay incentives both below and over quota on a graduated scale. Experience has shown that productivity and morale are improved when incentive compensation begins at an easily obtainable point below the sales goal, and increases in rate once the goal is passed.

Salesmen should, if possible, participate in the determination of the goal. Individual salesmen's field estimates of their anticipated annual sales often can make a major contribution toward formulating the company's total sales forecast.

II. Job Definition. Frequently salesmen do not have a clear understanding of their degree of authority or responsibility in their territories, and their relationship to sales management and the headquarters staff.

State in writing the company's customer sales policy. Salesmen should have no doubts as to what types and sizes of accounts the company looks to for major portions of total volume.

Lay out territories in regard to the work required and effort available. Seasoned sales managers constantly study their territory divisions as population and industry growth and shifts make changes necessary.

Explain fully territory changes. When it becomes necessary to readjust boundaries, this decision should be explained to the salesman by pointing out advantages to him in the adjustment.

Clear all territory contacts by other personnel with the salesman. Because the good salesman wants complete responsibility for customer relations in his area, he is entitled to consideration. This means clearance with the salesman on credit problems, as well as all contacts made in his territory by management.

Encourage salesmen's reports of competitive activity in their territories. Salesmen who are productive members of the team earn the right to be thought of as managers in their territory.

III. TRAINING. Sales training may be regarded by the salesmen either as a burdensome demand upon their time or as a realistic assistance in performing a better job.

Start sales training with the specifics of the sales job. A sales training program should deal first with such subjects as education on product sales features, information on competitive products, maintenance of customer records, and tips on how to utilize such time-savers as appointments and planned routing.

Direct subsequent training to persuasion techniques. A round-table exchange of successful techniques will have greater impact than a pedantic lecture on "How I Did It" delivered by the sales manager.

Train salesmen on the job through supervisory "work with" programs. Salesmen have a genuine respect for the supervisor who goes along *without taking over,* who observes the sales technique and approach after each call.

Periodically review career progress with salesmen: As a part of training, every sales manager should annually evaluate and review the career progress of each salesman on his team, and set forth specific suggestions for improvement opportunities.

—J. O. VANCE. *Sales Management,* March 15, 1953, p. 24:3.

Success Secret

"I WAS in selling 10 years before I learned this one simple lesson," a star salesman reveals. "I could never obtain sufficient business unless: (1) I made one call before 9 a.m. every day, and (2) I made three calls before lunch. That was 20 years ago. This simple discovery has enabled me to chalk up a consistently good sales record that insures my being able to retire and live in comfort when I am ready."

This same principle applies to nearly everything we do. Watch your successful hunter. He will do more walking, and in harder places, before lunch than he will do after lunch. If he is successful, his enthusiasm will carry him along after he is tired.

—E. E. CANTRALL in *Field Notes*

The Free Magazine—New Giant in the Selling Field

FREE MAGAZINES designed to promote products and create good will among consumers are being published on an ever-growing scale by an increasing variety of business organizations, according to the *Wall Street Journal.* Manufacturers, railroads, insurance companies, and even retailers have adopted the practice.

Friends, a monthly picture magazine produced by the Chevrolet Motor Division of General Motors, now goes to nearly two million people, as compared with 425,000 in 1938, when it made its debut. Among other outstanding free magazines are the *Ford Times,* Abbott Laboratories' *What's New,* Admiral Corporation's *Smart Living,* and International Harvester's *Tractor Farming.*

In looks, content, and readership, the free magazines rival many a paid-for periodical. In size, they range from pocket editions up to 10 x 14 inches, some having as many as 64 pages. Their combined circulation is estimated at nearly 25 million per issue.

"Companies are spending three times as much on these publications as they were at the end of the war," says Stewart J. Wolfe, vice-president of the International Council of Industrial Editors. "They are using more color and better paper stock, and are improving their contents to interest more readers."

—*Marketing* 2/21/53

Where The Wage Earner Stands

WAGE EARNERS now total more than half (52 per cent) of all U. S. families, compared with 48 per cent in 1947 and 46 per cent in 1940, according to statistics compiled by Macfadden Publications, Inc. While there are 8 per cent more families today than in 1947, there are 17.5 per cent more wage earner families. Since 1947, wage earners' pay has risen twice as fast as the cost of living. Further, although the purchasing power of the dollar has decreased by more than 18 per cent since 1947, the average worker's wages have increased to the point where he has 13 per cent more real buying power than in 1947.

Wage earner families dominate the middle and upper income groups, Macfadden statistics show. For example: While 19 per cent of all families earn $5,000 a year or more, about half these families are now made up of wage earners. Of the 32.8 per cent of all families earning between $3,000 and $4,999 yearly, 23.4 per cent are made up of wage earners. Some $80 billion of discretionary spending power is available today, Macfadden says, of which nearly $52 billion (64 per cent) is in the hands of wage earner families.

—*Tide,* Vol. 26, No. 51

Shorter Telephone Calls by Salesmen

SHORTER telephone calls and lower long distance bills are emphasized in a Dayton, Ohio, firm, where salesmen's desks are equipped with 3-minute hourglass-type egg timers. Signs placed on the timers near the telephones: "Let's keep the eggs soft-boiled—when the sand runs out, so should you!"

—*Scope* (Personnel and Industrial Relations Association, Inc., Los Angeles) 2/53

A SENSE of the value of time—that is, of the best way to divide one's time into one's various activities—is an essential preliminary to efficient work; it is the only method of avoiding hurry.

—ARNOLD BENNETT

Also Recommended • • •

THE POSTMAN RINGS FOR SALES. *Fortune* (9 Rockefeller Plaza, New York 20, N. Y.), February, 1953. In spite of the many doubts that have been raised by the past performance of direct-mail advertising as a selling device, it has become the second biggest advertising medium in terms of dollar volume, and reports of successful direct-mail campaigns are causing both advertisers and agencies to reconsider their previous attitudes. Among the topics considered in this article are cost determination, mailing lists, mail-order selling techniques, and the diverse and frequently contradictory recipes for success in the field that have been given by experienced direct-mail advertisers.

ANNUAL SURVEY OF DISTRIBUTOR OPERATIONS —1952. *Industrial Distribution* (330 West 42nd Street, New York 36, N. Y.), March, 1953. Despite the fact that sales of U. S. industrial distributors suffered a 3.9 per cent drop in 1952 over 1951's record $4.1 billion, distributors expect 1953 sales to be about the same or higher than last year. High taxes cutting deep into profit margins, high transportation costs, and slackening of defense production are among the numerous problems encountered by distributors which are analyzed in this statistical profile of a key industry.

UNCLE SAM, THE BUYER: IS THIS CUSTOMER ALWAYS RIGHT? By Robert M. Love. *Steel* (60 East 42 Street, New York 17, N. Y.), February 16, 1953. The Federal Government, which spent an estimated $54.2 billion for procurement in 1952, is one of industry's biggest, but not always best, customers. Some remedies which the author believes would silence industry's complaints: a federal study of renegotiation; wider publicity in proposing and awarding contracts; simplified bids for small items; specifications with less government verbiage; adequate compensation for industry when schedules are changed; greater familiarity with business practice on the part of government personnel. Industry could help, too, by reading requirements more carefully, and by inviting government personnel to tour plants and learn industry's problems.

ACCURATE SALES FORECASTING. By T. G. MacGowan. *Guideposts and Methods: Proceedings of the 17th Annual International Distribution Congress and Sales Equipment Fair* (National Sales Executives, 136 East 57th Street, New York 22, N. Y.), 64 pages, $1. Sales forecasting, more useful to business than is generally recognized, does not require the services of highly trained specialists, says the market research manager of Firestone Tire and Rubber Company. The forecaster should follow simple procedures, outlined here; keep firmly in mind his company's position in relation to current economic factors; and not rely too heavily upon the study of past trends and cycles or upon analogies between future and earlier periods. The author analyzes a number of general business indicators which the forecaster can use.

NEW HELP FOR WHOLESALERS' SALESMEN. By David C. Lash, Jr. *Printers' Ink* (205 East 42nd Street, New York 17, N. Y.), January 23, 1953. How Sylvania Electric Products, Inc., uses training schools to help wholesalers' salesmen become aggressive advocates of their products rather than mere order-takers. Discussion at the informal courses has taught the company that salesmen prefer to push familiar, well-accepted repeat items from a well-liked supplier—a line which they know well and in which they consider themselves experts.

DISCUSSION OF COMPENSATION PLANS SUGGESTS SOME PRO'S AND CON'S. *Marketing* (100 Simcoe Street, Toronto, Canada), March 28, 1953. Gratis. The product, the distribution channels, and the type of salesmen employed all play a part in determining the ideal compensation plan for any company's sales organization. One of the problems discussed in this article is whether commission rates should be reduced in the case of salesmen whose earnings seem disproportionately high—and what effects such reduction is likely to have upon morale.

10 WAYS TO AVOID COSTLY HEADACHES WHEN YOU MARKET ABROAD. By Russell F. Anderson. *Sales Management* (386 Fourth Avenue, New York 16, N. Y.), Vol. 69, No. 12. Foreign sales and profits, frequently lost by American firms through inadequate information, planning, time and personnel, can be greatly expanded by early, on-the-spot research into market conditions, reliable licensing and wholesaling arrangements, and appropriate wage scales in the new territory, says the director of overseas business services of McGraw-Hill International Corporation. While companies should send their own representatives overseas to survey business opportunities, they should also utilize resident specialists who know local conditions thoroughly.

DON'T GIVE THE EMBEZZLER A BREAK!

MOST EMBEZZLEMENT LOSSES are due, not to lack of efficiency in the control system in use, but to a breakdown of the system which occurs when an employee or auditor fails to carry out a simple assignment, usually because of an inclination to "let George do it." This is the point where the dishonest employee enters the picture, with his offer to take over part of a fellow-worker's duties. The employee who has thus been relieved of what he considers overly burdensome details may feel that the work he has relinquished is of no special significance. Too often, however, it is the key to the firm's system of internal control.

Most of the large embezzlements which have extended over long periods of time have been caused by employees who were handling details outside their regular assignments.

A company auditor should study his firm's system of internal control and make certain that he knows why certain specific duties have been assigned to certain employees. Then, during the course of his audits, he should make sure that in the daily, normal operations of the business, employees are properly carrying out their assignments. Two questions he should consider are (1) what can be stolen and (2) how it can be stolen.

What can be stolen will depend, of course, upon the nature of the firm's business. In most cases, cash and merchandise will represent the stealable property. Though checks are sometimes forged, more often cash is taken.

The kind of opportunity that may present itself to the potential embezzler will also depend largely on the nature of the business. However, it is always advisable to make certain, wherever possible, that all cash transactions are immediately and permanently recorded. This not only makes stealing more difficult but also, in case a defalcation occurs, enables the firm to substantiate better its claim against the bonding company. If numbered sales receipts are used—and they should be—the customer should receive a receipted bill, the other outside copies should be properly handled, and the retained copy should be accounted for.

Large thefts are frequently accomplished by overstating accounts receivable. The method usually employed is briefly as follows: A check for $100 is received from customer A; the check is deposited, a corresponding amount of cash is removed, and credit is withheld from A's account. Later, customer B pays his account in the amount of $150. B's check is likewise deposited, but the dishonest employee retains $50 and credits A's account with $100. The effect of all this is to create a shortage of $150, which is reflected in B's account although both A's and B's checks have been duly deposited.

Wherever possible, all cash receipts should be deposited daily, and a duplicate deposit slip showing the makers of the checks should be retained. If such a system is used and the daily receipts are deposited intact, a comparison of the

duplicate slips with the recorded receipts will often reveal that the receipts are not being properly handled.

Outstanding accounts should be verified in any audit procedure. For this purpose it is important to have a complete list of receivables. In many cases, dishonest employees have been able to conceal from the auditors the accounts they were manipulating.

Where merchandise can be easily handled and disposed of, the risk of loss is definitely present, and as tight a control as possible should be maintained on inventory. Ideally, of course, one person should be responsible for the inventory, and that person should receive or release merchandise only on properly authorized vouchers. What sort of a system to set up to maintain such a control will depend entirely upon the nature of the business, but experience indicates that the following factors contribute to the loss of merchandise:

1. The employee receiving new merchandise may fail to check carefully the actual goods received against the invoice.

2. Often, contrary to instructions, the employee in charge of the store-room may permit other employees or drivers to fill their own orders.

Where it is not practicable to control the physical handling of merchandise, stealing cannot be prevented. However, shortages can still be detected before they reach serious proportions. Generally, physical inventories should be taken by some person other than the employee handling the goods. During the periods in which such inventories are not taken, tests should be made to determine if the percentage of gross profit is following a normal trend. If not, a thorough investigation should be made immediately.

In a word, the best advice to company auditors is to look for the unexpected—and then to follow through on any violation of regulations, or breakdown in the established system, that is detected.

—Herbert N. Schisler. *The Journal of Accountancy*, February, 1953, p. 176:3.

Who Pays for Excess Profits?

The excess profits tax takes its heaviest toll from small business, according to a survey by the National Association of Manufacturers. Of 2,639 companies reporting that they paid excess profit taxes in one or more of the last three years, 78.6 per cent were in the category of small companies employing 500 or fewer persons, the survey disclosed.

The largest percentage of surveyed companies paying the tax was in the 101-500 employee group. Such companies constituted 43 per cent of those subject to the tax. Companies having only 50 or fewer employees were 16.3 per cent of EPT-paying respondents in the survey, and companies having from 51 to 100 employees made up 19.3 per cent of those paying the tax.

General consumer credit and installment credit both reached peak levels in 1952, but experts do not consider the proportion of credit to disposable income dangerous. As of August, 1952, consumer credit was reported to amount to \$21,393,000,000, or 9.26 per cent of disposable income; installment credit on the same date was \$14,907,000,000, or 6.45 per cent of disposable income.

—*The Eastern Underwriter* 11/14/52

EMPLOYEE STOCK PURCHASE AND OPTION PLANS: A SURVEY

ONLY 68 FORMAL PLANS for selling stock to workers were found in a recent Conference Board survey of American business. Of these formal plans, 28 are presently active, while 30 are inactive and 10 have been discontinued.

Two principal types of stock ownership plans were found, under which the employer provides stock and helps the employee financially in completing his purchase. The most common type is the true stock purchase plan where an employee makes a commitment to buy a certain number of shares at a given price, and immediately begins regular contributions toward payment.

The second type is the stock option. Under this plan the individual is offered a definite amount of stock at a specified price, but he is usually granted an extended period in which to take up the offer. He is under no obligation to purchase the securities unless it is to his advantage. This type has been encouraged by a change in the Internal Revenue Code, which gives the employee a tax advantage if the plan complies with certain conditions.

Of the two types (totaling 47 plans, active and inactive), the stock purchase plan was found to be by far the most popular, occurring in 42 organizations as against only five stock option plans presently in force.

All but two of the 47 plans reviewed provide for the sale of common or capital stock. The major source of stock sold to employees is from the authorized but unissued shares (26 out of 47 companies). The proportion of stock reserved for sale to employees compared to total outstanding shares ranges from 0.7 per cent to 15.2 per cent, but in over half the plans reserving stock (20 out of 35), the amount allocated to employees is between 1 per cent and 4 per cent of total outstanding shares.

The survey revealed that about a quarter (12 out of 47 firms) of the plans set the selling price to employees at the current market value. Two-fifths (19 out of 47) of the plans give some kind of concession in the purchase price. The remaining 16 plans call for a variety of methods of price determination.

The method of financing is very flexible under most plans. The stock may be paid for in cash or through payroll deductions, or a combination of the two. Nearly a fifth of the plans require completion of payments in less than one year. In about a half, the maximum period is between one and three years.

For the 33 companies (with nearly one million eligible employees) furnishing comparable statistics, over-all participation of eligible employees in purchasing stock is about one in four, or 26.6 per cent. Twenty-five shares or under are purchased by employees in the majority of the companies.

All but 11 of 47 companies place a limit on the maximum number of shares an employee may buy. Nineteen definitely link this maximum with the individual's compensation. The method of determining the maximum is different in nearly every company. Thirteen plans do not apportion the shares of stock on the basis of the individual's earnings; no employee is permitted to buy more than

a specified number which ranges from 10 to 5,000 shares.

A separate analysis of new employee savings (thrift) and investment plans revealed 18 such plans now in existence, primarily in large companies. (15 of the 18 plans analyzed were adopted in 1950, or later.)

These plans contain a stock ownership feature. Instead of subscribing for a definite number of shares of stock at a certain price to be paid for within a specified time, the employee builds up funds through regular payroll deductions. The company either adds its own contribution to the employee's fund and buys the stock for him on the open market or gives him the stock as a bonus on his savings. The employee runs no risk of losing any money under this type of plan since he may withdraw at any time and get back at least as much money as he has put in.

Also Recommended • • •

ATTRACTIVE TAX FEATURES OF DISCOUNT BONDS SHOULD MAKE THEM USEFUL AS TAX-PLANNING INSTRUMENTS. By Augustus Morris. *The Journal of Accountancy* (270 Madison Avenue, New York 16, N. Y.), March, 1953. For tax purposes, this article points out, discount bonds possess three distinct advantages: (1) they permit current deductions for the borrower, who may amortize the discount over the period to maturity; (2) they represent deferred income for the holder during this period; and (3) the income they yield when redeemed at maturity takes the form of a long-term capital gain. A chart furnishes a graphic comparison of the advantages of discount over straight interest bonds.

INTERNAL AUDITING AS AN AID TO MANAGEMENT. By William T. Jerome, III. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), March-April, 1953. The author sets forth the requirements for a sound program of internal auditing and analyzes its many advantages for large-scale industry in handling recurring problems, bringing order and consistency to the various operations of the company, spotlighting the unsatisfactory cost situations, and improving liaison between top management and supervisors.

THE "JOINT CAPITAL TRUST." By Gustave Simons. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), March-April, 1953. The author proposes a package plan designed to provide the company with capital funds, offer management financial incentives, and give workers an increased feeling of participation in company affairs through stock ownership. Under the plan, a "joint capital trust" would be built up out of company earnings and employee contributions. These funds would be invested in the company and the earnings distributed among all participating executives and employees.

IS SHARING PROFITS THE ANSWER? By W. H. Conant. *American Business* (Dartnell Publications, Inc., 4660 Ravenswood Avenue, Chicago 40, Ill.), March, 1953. The handwriting is already discernible on many walls that profit sharing will soon be an essential part of business, in the opinion of the author, who recommends two specific steps in the application of a profit-sharing plan: 1) profits should be administered at reasonably short intervals, such as quarterly or even monthly; and 2) they should have a direct connection with productivity.

THE SALES EXECUTIVE AND THE CONTROLLER. By Roy A. Foulke. *Guideposts and Methods* (Proceedings of the 1952 Convention of the National Sales Executives, 136 East 57th Street, New York 22, N. Y.), 1952. 64 pages. $1.00. Without exception, the business which operates the most successfully, year in and year out—other things being equal—is the one whose inventory is kept within rigid limits at all times. The author discusses here the two guides for setting a predetermined maximum size for the inventory at the end of the fiscal year: (1) the turnover of inventory (i.e., the relationship between annual net sales and average or closing inventory) and (2) the relationship between the inventory and the net working capital.

THE THREE MAJOR GAPS IN INSURANCE COVERAGE

BECAUSE OF insufficient or incomplete insurance protection, a business firm—whose executives think it is insured—can easily suffer a serious loss or be put out of business completely.

An intensive study of the insurance coverages carried by 100 small and average-size companies in one industry located from coast to coast showed that the average firm has far too many policies, with—as a result—greatly increased likelihood of errors and excessive bookkeeping and handling costs. Even more serious is the fact that this "piece-meal" buying of insurance results in important gaps as well as overlapping coverages. There are three major gaps in insurance programs today:

1. *Fewer than half the plants covered in the survey carried insurance against business interruption.* Fewer than one out of 10 carried adequate coverage.

Dun and Bradstreet records show that 43 per cent—nearly half—of all firms suffering serious fire losses never get back into business. They show further that of those firms that do re-open, 30 per cent call it quits within five years. By comparison, 99 per cent of firms carrying business interruption insurance suffering serious fire losses have rebuilt their plants and continued operations.

An investigation of boiler and machinery insurance revealed that nine out of 10 of the companies that need insurance on their steam boilers carry it. But only one out of 10 maintains adequate coverage.

Machinery breakdown insurance, which is extremely important if a production line depends on the continuous operation of a few vital machines, is another neglected area. Little business interruption insurance was found in the boiler and machinery field. Business interruption carried under a fire policy does not provide coverage for boiler and machinery mishaps. Although it is esssential to the boiler and machinery policy, only 17 per cent of the plants surveyed carry business interruption protection in connection with their boiler insurance and only 2 per cent had similar protection with their machinery insurance. The discrepancies are startling. One business man carried $150,000 fire business interruption and only $10,000 boiler business interruption.

2. *The survey disclosed that many companies are seriously under-insured in terms of replacement values.* For example, more than half—56 per cent—of the properties are under-insured on their fire insurance. On the average, a plant built in 1938 at a cost of $50,000 would have cost $126,000 to build in 1950. Yet most business men merely renew their fire policies year after year for the same old amount. Only two out of 10 of the plants studied had ever had an appraisal—only two out of 100 had up-to-date appraisals.

It was encouraging to find that nine out of 10 of the plants surveyed carried some public liability insurance. But only one out of 10 carried the comprehensive form of general liability protection which

protects against a number of exposures often overlooked. Also, the amount of general public liability insurance carried by most firms is woefully inadequate.

In the automobile insurance field, fewer than one out of 10 of the companies analyzed carried adequate bodily injury insurance.

3. *One of the most serious gaps is the lack of intelligent crime insurance programs in industry.* According to the survey, nine out of 10 of the firms had no form of employee bond, and one-third had no protection for money and securities either on or off their premises.

A short time ago, Chicago papers carried the story of how an employee of a local business made away with $20,000 worth of stock and equipment over a period of time. The individual responsible was, strangely enough, a maintenance man who had no access to money. He had been working for the company for 31 years.

Another "older" employee of a New York City firm milked his company for close to $50,000. The strange part of this story was that all the money was taken—over a period of years—from a $100 petty cash fund!

—ROBERT E. RYAN, *Best's Insurance News*, March, 1953, p. 61:6.

INSURED TO KILL

THOUGH designed to protect the driver, present automobile liability and property damage insurance policies in effect preserve his right to drive carelessly. For a small premium they permit him to transfer practically all financial responsibility for his acts to a professional insuror. No longer must he fear in any financial way the results of careless driving. The most he could suffer in a loss would be the small collision deductible that he may be forced to carry; with respect to third-party liability he has full protection. In consequence, automobile accidents have risen at an alarming rate.

Higher premiums are not the answer to this kind of problem; the very manner in which automobile insurance is now being written tends to create hazards instead of eliminating them.

Under free enterprise, the profit incentive is the principal motivating force that can be applied to a given problem. In order to bring about a voluntary, self-imposed safety program on the part of each driver, we must change our method of writing automobile insurance to provide a strong profit incentive for safe driving. It must be made financially unprofitable for the individual driver to drive unsafe equipment or to drive carelessly. All the plans that have been tried to date make the results of bad driving extremely costly to the insurance-buying public as a whole but do not make it unprofitable to the man who causes the accidents. What is needed, therefore, is a plan which will insure that victims of careless driving are properly compensated according to court judgments, and which will place at least a portion of the cost where it belongs—on the careless driver. Such a combination plan would materially reduce the accident rate in America.

The following proposal, while it is probably not the only possible solution to the problem, would definitely align in-

surance with the public welfare. It comprises two main features:

First, a standard automobile policy to be adopted by each of the 48 states, containing the following provisions:

a. *A single insuring clause* covering bodily injury and property damage *with no limit.* This would provide adequate protection and enable the underwriting company to stabilize the excess insurance market, as a satisfactory spread of risk will be available; also, it would place all defendants on an equal basis before the law.

b. *A mandatory deductible clause* in the amount of 10 per cent for each and every loss on bodily injury claims and $100 for each and every loss on property damage claims. The 10 per cent deductible applying to bodily injury claims would be subject to a minimum deductible of $500 and a maximum deductible of $1,000. Companies would not be permitted to assume, directly or indirectly, final responsibility for any part of the deductible clause(s).

c. *The enactment of compulsory insurance laws*—which would, however, permit rates, while filed with the state commissioner, to be made on a competitive basis, based on the loss and expense ratios of the individual carriers.

d. *Legal provision that the claim to the third party shall be paid in full by the insurance company,* irrespective of the deductible clause, and that the company shall in turn be obligated to obtain from the assured reimbursement for the amount of the deductible paid. Should any assured fail to pay the deductible(s) to the company, the company would cancel the contract and the driver's license would be suspended until he had reimbursed the company, with 6 per cent interest from the time of the claim. No company would be compelled or permitted by the state to write insurance on a driver for whom a deductible payment was pending, and no license would be issued unless an insurance policy from a licensed company were in effect on the driver.

e. *Issuance of the policy in the name of the driver,* not on the automobile. Policies would be available to non-driving owners for their protection as owners only; for this type of contract, rates would be considerably reduced.

Second, allocation of a percentage of the existing state tax on automobile insurance premiums for the specific purpose of improving safety through better police enforcement and the purchase of safety equipment for the control of traffic. While it is entirely possible that as much as 5 per cent of the premium would actually go for this purpose, the over-all insurance cost to the assured would, I believe, be reduced as a result of reduction in accident frequency. Furthermore, the deductibles collected from careless assureds would do much to reduce over-all cost to the careful driver.

—From an address by ROBERT H. OPPENHEIMER before the Property and Casualty Insurance Institute of the University of Kansas City.

WHILE LIFE INSURANCE ownership in various countries of the world has increased from 34 per cent to 1,500 per cent since the end of World War II, the net gain in family protection, according to an Institute of Life Insurance report, has not been nearly so large.

—*The Spectator 2/53*

Group Life Ownership: A New High

OWNERSHIP of group life insurance in the United States reached a new high at the start of this year, according to the Institute of Life Insurance.

Total group life insurance in force in the United States is estimated to have exceeded $66½ billion on January 1. This sum, which represented nearly 36 million individual policy certificates, was $8½ billion more than the corresponding figure for the beginning of the previous year.

Group life insurance owned by employer-employee groups now amounts to nearly $63 billion and covers some 26 million workers—an average of about $2,400 per policyholder. This is nearly three times the amount in force at the end of 1945, and double the number of policyholders.

—*Journal of Commerce* 3/19/53

Also Recommended • • •

WORK OF MARINE CARGO SURVEYOR EMBRACES EVERY COMMODITY MOVED IN SHIPS. By Frank A. Hanley. *The Weekly Underwriter* (116 John Street, New York 38, N. Y.), March 7, 1953. A major function of the cargo surveyor is to examine overseas shipments before they are insured to determine the adequacy of the packing that the shipper has provided for the voyage. Because his experience is necessarily broad and his judgment impartial, this article points out, the cargo surveyor can render valuable service to the shipper who respects his knowledge of port conditions and handling techniques, and cooperates with him when a shipment is lost or damaged.

WHO PAYS FOR DAMAGE IN TRANSIT? By Tower Belt. *American Business* (4660 Ravenswood Avenue, Chicago 40, Ill.), Vol. 22, No. 9. The precise time when title passes from the seller to the buyer of merchandise determines who bears the risk of loss during transit; and, in the absence of some specific provision in the sales contract, courts have usually held the intention of the parties to be the governing factor. The author reviews recent court decisions in this area.

COMPULSORY INSURANCE: PRO AND CON. *Best's Insurance News* (75 Fulton Street, New York 38, N. Y.), March, 1953. Alfred J. Bohlinger, Superintendent of Insurance of New York, recommends legislation which would 1) require proof of financial responsibility through insurance or otherwise before vehicles can be registered, and 2) require all automobile liability insurance companies to establish a protection plan for injured victims. In stating the case for compulsory insurance, Mr. Bohlinger maintains that it would not necessarily raise rates. Arguing against compulsory insurance, the Association of Casualty and Surety Companies contends that it does not represent a practical safety measure since it encourages laxity in driver licensing and car registration.

WHAT HAS INFLATION DONE TO INSURANCE? By Tower Belt. *American Business* (Dartnell Publications, Inc., 4660 Ravenswood Avenue, Chicago 40, Ill.), March, 1953. Companies that fail to adjust their insurance coverage from book value to sound value—based on replacement costs in the present market—may be faced with a gross inadequacy in the amount of insurance recovery required to replace equipment should a substantial total loss develop. The author illustrates how present values on buildings, machinery, and equipment may be accurately determined for insurance purposes.

LAWS OF TRANSPORTATION PROBLEMS ARE TREATED IN THREE INTERESTING DECISIONS. By H. S. Daynard. *The Weekly Underwriter* (116 John Street, New York 38, N. Y.), February 14, 1953. Recent court rulings on the carrier's obligation with respect to delivery, the extent of carrier's responsibility for breakage when a shipment is not marked "fragile," and liability for pilferage loss to a shipment in the carrier's custody are analyzed in this article. In the second of these cases, the court held the carrier liable for breakage loss because the fragile nature of the product being shipped was evident from its description on the bill of lading.

Survey of Books for Executives

SOME OBSERVATIONS ON EXECUTIVE RETIREMENT. By Harold R. Hall. Division of Research, Graduate School of Business Administration, Harvard University, Boston, Mass. 1953. 298 pages. $3.75.

Reviewed by Ernest de la Ossa*

The problem of executive retirement, with its multitude of ramifications, as broad and varied as those of human life itself, is by no means one of recent origin. It is, however, in constant flux, and in recent years its magnitude has been increasing. In *Some Observations on Executive Retirement*, Harold R. Hall has approached this problem in its current form, in a way that is realistic, enlightening, and practical. His study is penetrating, and its conclusions are sound.

Perhaps the strongest conclusion of Mr. Hall's survey is that the problem of executive retirement can really be solved only by placing the problem before the retirement candidate in such a way that it causes serious thought and planning in the earlier as well as the later years. Only the individual concerned can tailor a plan to fit his specific needs for the years of retirement. *Executive Retirement* is recommended to all executives of business as a background for their planning and as a stimulus in their own retirement situations. It will be of equal value to those who are responsible for determining retirement policies for a business group.

Mr. Hall first points out why there is a problem, and why it is growing in severity. While they are engaged in business, executives generally devote nearly all of their energies to this purpose. In many instances, particularly within the middle management group, they have been unable to prepare financially for the days of retirement. Faced suddenly with the necessity of finding something new to do, and—more than likely—confronted by the prospect of having to get along on a smaller income, the retiring executive must make some exceedingly difficult adjustments. More and more of the 485,000 members of middle management and 100,000 of top management must concern themselves with the subject of retirement, because of ". . . the growth in the proportion of men who live to older ages than previously, and the increasing pressure to have executives who are competent men make decisions in a business world of growing complexity and competitive stress."

The resulting problem faces both management and the retiring executive. Management must decide such things as when an executive will be retired, how automatic this will be, to what extent the company should provide retirement income, and how much it should assist in guiding those who will retire. The retiring executive must decide what to do and how his income shall be provided. Mr. Hall points out how ineffectively the retiring executive has currently been meeting these problems, and describes the traumatic episodes many executives experience before adjusting, if they adjust at all, to the life of retirement. In each of these areas the author reports the results of well-planned studies, and offers practical solutions.

Throughout the work, Mr. Hall is concerned with the retirement which is not only happy and secure but also socially and economically productive. This is certainly a creditable approach, particularly enlightening in view of the conclusions reached. The author points out that:

> . . . many people think of the retired group as being unproductive, of getting its sustenance and support from the production of the younger members of society who run our businesses, farms, and other productive activities. This study has shown that retired executives, in particular, generally are happiest when they are actively engaged in

* Director of Personnel, National Broadcasting Company, Inc.

worth-while activities that contribute to economic and social well-being, especially in the earlier years of retirement before infirmities interfere.

"As the needs for well-planned programs for retirement become better appreciated, it is to be anticipated that personal plans more commonly will provide for activities of social and economic value. The contributions that can be made are likely to become increasingly large. In turn, the trend will gain added force from the increased longevity and gradual improvement in the well-being of elderly people."

Mr. Hall points out that management would be wise to assume responsibility for urging executives to plan carefully for retirement. While offering some specific suggestions, he leaves this area largely to the judgment of the managements concerned. The author provides an encouraging note in his discussion of what appear to be emerging trends toward the adoption of formal long-term retirement plans and the development of productive business opportunities for all.

This book should be of real interest to all executives and of special value to those concerned with personnel management.

ADMINISTERING CHANGES: ***Case Study of Human Relations in a Factory.*** By Harriet O. Ronken and Paul R. Lawrence. Division of Research, Graduate School of Business Administration, Boston, Mass. 1952. 324 pages. $3.50.

Reviewed by Eugene J. Lyons*

Here is another of the painstaking case studies of human relations in industry for which the Harvard Business School's Division of Research has become noted.

This study might be termed an "attempt to penetrate the obvious." Perhaps the most important sentence in the book for industrial management is a question contained in Professor F. J. Roethlisberger's foreword:

"How can the external changes required for the survival of a social system be initiated, administered and assimilated by this system so that the internal needs for stability—i.e. for well understood and accepted relationships in the system—be also maintained?"

In other words, in a competitive system the individual company is committed to constant change in order to exist. How can these changes, technological and otherwise, be made without creating the extreme "sore spots" that result in human road-blocks all along the line?

The authors might be reproached with having made an involved, needlessly complex analysis of what an industrial manager would term a simple and certainly ordinary situation requiring only the application of common sense. But while the "born manager" instinctively takes the correct action in such a situation, many another executive is not even aware of the problem.

They may be accused with considerable justification, however, of being excessively wordy, of inserting a vast amount of extraneous editorial opinion, and of employing more repetition than is required for emphasis. The book is too long.

Moreover, the authors neglect to point out that unexplored factors entirely outside the factory and in no way connected with the technological change may have affected what the people concerned said and felt, as well as what they did. In this respect, the study lacks balance, but to provide such information might have been a well-nigh impossible task for the researchers.

Out of their lengthy story of how a single new product was introduced by an operating organization, the authors have reached some conclusions which appear to be generally applicable. These conclusions are summarized as follows:

1. The technological change concerned in this study involved changes in interpersonal relationships in the organization.

2. It was largely around those modifications of relationship, rather than around

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technical change per se, that resistance arose.

3. Until the problems of relationship were at least partially resolved, progress on the technical aspects of the project was seriously impeded.

4. A critical element in the acceptance of changes was the skill of the administrator in understanding the various points of view represented and facilitating the development of satisfying new relationships.

In other words, human critters at home and at work are just naturally allergic to change, and it takes a smart manager to persuade them that it's all for the best.

IS ANYBODY LISTENING? By William H. Whyte, Jr. Simon and Schuster, New York, 1952. 239 pages. $3.00.

Reviewed by V. Jon Bentz***

This is a collection of critical essays, originally published in *Fortune* magazine under the banner of "communications." These essays have been brought together as individual chapters and, along with an introduction, are presented as a "book" on communications.

The fact that they are presented *as a book* is probably a mistake. The chapters are not chapters in the sense that each contributes to a whole, that each builds up to contribute to a point of view, or that when one finishes the book one will know more about the subject of communications. In fact, since Mr. Whyte has chosen to include such diverse aspects of communications as "selling America abroad," the lack of protest in the current generation, and the implications of a raised eyebrow or the nodding of the head, perhaps one is asking too much and should not be overly concerned about the absence of a point of view. In recommending this book, one should probably be more concerned about the lack of consistency in the excellence of the material, the fact that certain chapters (for a book on communications) are poorly written, and the tendency toward tabloid-cuteness where the author feels that he is getting hold of something that his readers might consider "sensational."

Nevertheless, the book *is* recommended, and several chapters might indeed be considered mandatory reading for today's executives (and their wives?). Such chapters as the one devoted to the "elusive grapevine," those on organizational structure, and the sections relative to the influence of business and the business community on the executive and his family are on a level of insight and analysis that are uncommon in present-day popular writing.

I would like to add, however, that after looking into Whyte's essays on the "American System" one needs to go further and read the brilliant "Big Change" by Frederick Lewis Allen, just as after reading the Flesch-readability material one should turn to the recent article in the *Saturday Review of Literature* entitled "Literature by Slide-rule," and again, as when one has finished the material on wives and "big brothers" one should turn to the April *Harpers* for Thornton Wilder's "The Silent Generation." After doing this, and especially if Eugene Staley's *Creating an Industrial Civilization* is included for good measure, one has a much better grasp of, and certainly a much more positive approach to, the ideas presented by Mr. Whyte.

These essays are illustrated with bitterly brilliant and incisively humorous cartoons by Robert Osborn. It is unfortunate that the cartoons are not appropriate to either the level or style of material presented by Mr. Whyte.

In closing, and in all fairness to Whyte, it should be pointed out that this critique is written in the perspective of 1953, about articles that were published in 1950 and 1951. A lot of thinking, and considerable action, has taken place in the span of these few short years since the original article "Is Anybody Listening?" first appeared. It should be realized that this article was a milestone in the history, thinking, and writing about communications, and it is a tribute to Mr. Whyte that

* National Personnel, Sears, Roebuck and Co.

others have picked up his thread and carried it to the point where they have made some of his material *passé*. However, for the uninitiated, for those who have not been exposed to the kind of thinking that Whyte and the editors of *Fortune* so courageously offered to the business community back in 1950, this book, *Is Anybody Listening?*, is a primer. It might also eventually be looked upon as a social history—who can tell? The important fact is that the thinking is "right" and "good," even if it sometimes doesn't go as far as we *now* think it should.

THE MIND OF A "MEMBER." By Alfred D. Sheffield and Ada Eliot Sheffield. Exposition Press, New York, 1951. 208 pages. $4.00.

Reviewed by Warren L. Ganong*

Here is a serious and erudite treatment of group relations by two authors who are eminently well qualified to handle this important subject. Prof. Sheffield is Emeritus Professor of Group Leadership at Wellesley College and has been an active consultant in industrial relations. Mrs. Sheffield has a similarly broad background of experience in social service activities.

The titles of the six chapters provide a quick summary of the book's contents. They are:

I. Basic Competencies for Group Experience

II. The Factory as a Field of Social Growth

III. The Language of Maturing Group Relations

IV. The Family as Seedbed for Social Learnings

V. Family Problems Approached Through "Situational" Participants

VI. Group Fulfillments Through Member Elites

Prof. Sheffield summarizes the content as follows:

"The main steps in this sequence of chapters are (1) to remark the specific kinds of perceptive competency that qualify anyone to be a real 'member'; (2) to illustrate the scope of socially adjustive learnings in the factory, where relationships are between persons as bearers of specialized roles; (3) to develop what a 'culture-conscious' and 'situational' approach can mean in services to the family, where people learn basic adjustive perceptions in their association as whole personalities; and (4) to enlarge the nature of 'success' in enrichments of individual participation, and in standards of group fulfillment for the community."

Early in the text the authors emphasize the fact that moral qualities are an important part of higher attainments in group relations. To arrive at a valid judgment of what is proffered as ideally good requires the ability to perceive clearly the nature of the interactions peculiar to persons in roles as members. The book does provide specific help in this respect.

With characteristic insight, the authors point out that the literature of good management seems to show no awareness of the gains that are still needed to make the factory a humanly valid institution in the culture of our day. They develop an interesting three-dimensional diagram of the organizational relationships of functions, and conclude that if (as seems to be the case) people find their experiences in the factory "poor in satisfactions of the mind," it is not for lack of significant things to think about. Rather, all participants in problem situations need to be encouraged to achieve a better understanding of the group interaction which is taking place, and to seek the answer to the basic question: "How should this situation be regarded in order that we may profitably discuss it?"

When this understanding has been reached, not only will the immediate problem be solved but the participants will be left with the feeling of having gained personally in organizational insight. If it is not attained, stock notions and practices inconsistent with a matured concept of social worth may become more deeply set.

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In examining group response to the techniques and methods of management, the authors report upon observed reactions to such things as job evaluation, suggestion systems, methods improvement, order giving and receiving, union relationships, and various aspects of communications within the factory. One important lesson to be learned from all this by every management man who aspires to competent leadership is that people respond not to situations but to those meanings of situations which their minds are prepared to appreciate. Greater success is achieved by leaders who seek to expand men's powers of appreciative awareness.

Chapter III provides a valuable analysis of policy statements and policy thinking. Four features which mark a statement as one of organization policy are given as follows: (1) it displays concern for an ideal; (2) it makes a commitment for practice; (3) it is expressive of an institutional role and a corporate purpose; and (4) it expects to guide action with a principle of judgment, not to prescribe action with a rule.

Examples show what and what does not conform to the foregoing guide.

Special mention should be given to the discussions of "Policies as Strands of Organizational Purpose" and of "The Democratic Process in Reaching a Policy Decision." A purpose stated simply as "making and selling an acceptable product at a fair profit" provides no stable guide to action, the authors point out. "An organization whose leaders have conceived no aim that gives social dignity to its career is likely to have policies which spring from crude custom and expediency instead of mature institutional principle."

The authors affirm a principle that is coming to be widely recognized as desirable in policy-making, though it is frequently difficult to put into practical effect:

> "It is good for 'the many' to participate in decision-making and control. Membership spirit needs it. Ultimate good for the group, however, requires decisions that are made valid by tested insight in group situations, so that we must ask not only how many are to take part, but with how much 'say' (with just a 'voice' in the matter, or with power of vote?) and with what requisite qualifications, and on matters how weighty?"

Satisfactory answers to the two following questions may be used to justify the spread of participation:

1. Will it confuse responsibility and weaken the authority of the chiefs of the enterprise?
2. Will it create as its outcome not only good policy but a spread of evaluative powers to qualify more men for parts in organizational problem-solving?

The chapters on group relations within the family provide additional light on factors influencing the relationships between people in various member roles. A comparison is drawn between the rank-relationships existing in home and factory, showing the parallels that occur in roles between associates, in roles of subordinate to leader, and in roles of leader to subordinates. These parallels help to point up the fact that social perceptions exercised in work situations may be largely influenced by the development of the child as a member of the family group.

The business or industrial manager who has not previously been exposed to literature dealing with family problems and their treatment will find the material presented here enlightening and thought-provoking—especially if he has real concern for the people in his organization as producers who are participants in group situations which influence their work satisfactions and their productivity. The function and value of the union organization in handling family problems is compared with that of the social agency and the plant personnel office, and the authors cite some important arguments for union participation in such service work which are not likely to have been considered previously by business managers.

This book, which offers a studious treatment of its subject, is intended for the serious reader. Anyone who is accustomed to expositions on group relations written in popular style will find this a more difficult and some-

times even a frustrating experience. It requires careful and thoughtful exploration, and it deserves the attention of a wider readership than the limited group which will probably be attracted to it.

WORK MEASUREMENT: *New Principles and Procedures.* By Adam Abruzzi. Columbia University Press, New York, 1952. 290 pages. $6.00.

*Reviewed by Robert K. Burns**

This volume is an important theoretical and methodological contribution to the field of time study (or, to use the more comprehensive term, work measurement). It is an ambitious and controversial book; the author addresses himself to the task of putting work measurement techniques on a scientific basis, since, in his view, "a generally acceptable theory does not yet exist in this field."

Dr. Abruzzi makes it clear that he intends to rely only on the scientific method to arrive at new principles and methods:

> . . . "The procedures of work measurement should be based on the rules of the scientific method, not on the bargaining process. It seems to me that we can no longer tolerate taking empirical action about productivity problems on the basis of the subjective judgments of the individuals acting as advocates of vested viewpoints. Instead, we need objective principles and procedures so that the estimates we make and the action we take will be sound in a scientific sense. This book is intended to supply such principles and procedures."

In the first three chapters the author describes the scientific method and the problems of experimental inference. He quotes standard authorities—Cohen and Nagel, Churchman, Shewhart, Altschul, Biser, and others—and his opening chapters are methodologically sound.

Dr. Abruzzi introduces a new term, "statistical stability," which he uses in place of "statistical control." He divides "statistical stability" into two categories: "local stability" and "grand stability," defining these terms as follows:

> "In the case of local stability the production rates involved represent a continuous series of items produced during a period of several hours. In the case of grand stability the production rates represent items produced over a protracted period."

The ladies' garment industry was selected for the research because its operations are of the man-controlled type. Since man-controlled operations have a greater degree of variability than any other type of operation, and since other types of operations exhibit some, but not all, of the kinds of variation found in man-controlled operations, Dr. Abruzzi concluded that from the statistical viewpoint all operations can be considered as special cases of man-controlled operations. The statistical procedures which Dr. Abruzzi develops for handling the variations found in the man-controlled operations of the ladies' garment industry are useful for handling the variations found in other types of operations. (Of course, it is most difficult to get accurate time measurements in man-controlled operations, since the ability of each worker to set his own pace results in very wide variations.)

In Chapters 4, 5, 6, and 7, Dr. Abruzzi demonstrates the methods he used in obtaining his findings. He relies heavily on Shewhart's diagrams and mathematical formulas. He concludes that: 1) the consistency of work performance depends on the length of the operation cycle, not on the skill of the operator; 2) the workers with the greatest total output are not those who work fastest, but those with fewer and shorter delays and interruptions; 3) the motion patterns of individual workers do not remain constant, even for a limited period of time; 4) there is no necessity for rating worker performance; 5) there are decided limitations to the "one best way" approach and the "standard data" approach. Dr. Abruzzi states that

> ". . . element standard data . . . [are] apparently an impossiblity for all operations in which the workers exercise an appreciable influence on the work method and the

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work pace . . . Machine-controlled operations are the only operations for which there is any likelihood of developing standard data of this type. Even for them, it must be emphasized, the likelihood of success is extremely remote."

What conclusions are we to draw from the author's findings? We can, I think, conclude that Dr. Abruzzi's approach is the correct one. Since time and motion studies are sampling techniques, they must be viewed in a framework of statistical probability. Dr. Abruzzi's use of Shewhart's diagrams and mathematical formulas is ingenious and fruitful. New procedures and new criteria for work measurement are described, and the author carefully documents the faults of the old procedures.

This book is intended for experienced workers in the field of time study who have adequate knowledge of statistical terminology and principles. The book is timely, it deals with the problems with which industrial engineers wrestle every day, and its findings are helpful. The author has included an excellent bibliography, and the text is illustrated with 25 figures and 55 tables.

SALES MANAGEMENT: *Policies and Procedures.* By D. M. Phelps. Richard D. Irwin, Inc., Chicago, Ill., 1951. 917 pages. $7.35.

*Reviewed by Albert Haring**

Sales management can be defined in the narrowest sense to include only the technical problems of supervising and managing salesmen in the field. A slightly broader approach takes into account all the problems which the sales division of a company must face in marketing its product. A still broader concept includes the relationship of the sales department with other divisions of the company. Dr. Phelps has selected this third or widest definition of sales management. In fact, his book might well be called "Marketing Management." His presentation has unusual merit because he clearly states the relationships between these divisions of a company and its selling end, and indicates precisely those areas where close coordination is essential.

In a section on planning the product, the author discusses the managerial problems which can arise in product development, product and market testing, creating a sound brand policy, and packaging and labelling. In considering next certain aspects of investigating the market, he covers quantitative market research, the setting of potentials and quotas, and the pre-determination of the size of the market for a new product. Pricing the product, with respect to both techniques and policies, is then analyzed carefully. Up to this point, Dr. Phelps discusses all those problems within the scope of general management rather than those confined to the sales department—a valuable guide for non-sales executives who participate in general management decisions but come into contact with specific sales problems only indirectly.

In his treatment of planning the sales effort, the author stresses that organization and integration are necessary to merge advertising, sales promotion, personal selling, service, and other selling activities into an effective and unified program to ensure a continuous flow of orders. Here Dr. Phelps advances the thesis that a major function of sales management is the coordination of all activities into a unified pressure upon the market. From this idea flows his recommendation that all these activities should come under the supervision of one major executive, preferably a vice-president, rather than under several executives at the same level.

The author is thorough and systematic in discussing the sales and service personnel. Recruiting, training, developing a training program, supervising, reports, stimulating personnel, assignments and territories, distribution of time and effort, evaluation of performance, and compensation—each of these areas is explored with competence and skill. Dr. Phelps is a strong advocate of field training as an adjunct to classroom work. He also emphasizes the importance of effective supervision as a major factor in efficient selling. His presentation is reinforced by apt case

* Professor of Marketing, Indiana University

illustrations, and will enable the sales executive to visualize where his own techniques are weak, and how his policies can be strengthened.

In contrast to the comprehensive nature of this study over-all, Dr. Phelps presents only brief material on the control of sales operations, and this is suggestive rather than factual. Greater detail in this area would be helpful but may not yet be available.

A substantial quantity of good literature has appeared in the field of sales management during the last two decades. This book deserves classification among the best. Dr. Phelps adopts a general management approach to planning the product and investigating the market which is highly creative. He also promotes, in clear and forceful terms, the greatly needed policy of coordinating all sales, advertising, service, and similar activities into a unified selling force. The vast accumulation of data which the author presents, and his liberal use of factual illustrations, while they do not tend to create light reading, make this work a notable addition to the executive's library—for careful reading now and for reference in the future.

SOCIAL FACTORS RELATED TO JOB SATISFACTION: ***A Technique for the Measurement of Job Satisfaction.*** By Robert P. Bullock, Bureau of Business Research, The Ohio State University, Columbus, Ohio. 1952. 106 pages. $2.00.

Reviewed by Martin M. Bruce*

This research report describes another effort to advance the important area of human relations in industry to the level of advancement already achieved in other, technical fields.

The objectives of the study were: (1) to discover within the areas of personal social adjustment specific factors related to job satisfaction, and (2) to combine such factors in a scale of sufficient reliability and validity for the measurement of job satisfaction. In order to accomplish these aims, the following steps were taken: (1) An initial scale for the measurement of job satisfaction was constructed. (2) A questionnaire was constructed which contained items considered indicative of social factors related to job satisfaction. (3) The scale and questionnaire were pre-tested. (4) The scale and questionnaire were administered to both an ex-employee sample and presently-employed sample drawn from one company. (5) The collected data were analyzed statistically.

The monograph discusses both the procedure and its results in a comprehensive manner. But, since treatment of data and presentation of results constitute the major portion of the monograph, personnel men, business executives and others not vitally concerned with statistics may find this material of only indirect interest and value. Technicians, on the other hand, would probably agree that the items are well constructed; that the author has made use of an effective technique in sampling former employees; and that some of the rationale and methods employed are meritorious.

From a general standpoint, however, the sample leaves something to be desired. The data are limited to a company engaged in the identification, registry and classification of purebred animals—a rather atypical organization in terms of American business. A factory group or a more typical clerical group might better have been chosen. In many instances, the author's attempts at validating the items may not be wholly satisfactory to those who have a scientific grounding in experimental design or to statisticians. Potential users of the developed scale would probably be satisfied with face validity since success in developing adequate criterion data was, and invariably is, limited in areas such as this. In all fairness, it should be noted that the author acknowledges many of the limitations of his findings, and defines them quite explicitly.

Part of the validation procedure is based on "logical" assumptions, which does not appear altogether sound, and leads to conclusions which may well contradict the experiences of many personnel men. For example, the author points out that direct methods of inquiry often fail. Yet this was the procedure used, and the results were employed as the criterion

* Dunlap & Associates, Inc., Stamford, Conn.

for validation. The fact that statistical and subjective methods were used in analyzing the criterion does not appreciably compensate for the unsoundness of the initial approach.

Since this was intended to be a purely statistical study, the author offers little interpretation of item content. But a valuable by-product of the collected data, on which the author does not elaborate, is worthy of note. The research study revealed that the sample group of employees attached primary importance in their jobs to the following three "social" factors:

1. Recognition for work done.
2. Family's acceptance of the job.
3. Advance information about changes in the job.

On the whole, this report could not be considered as more than a minor contribution to the assessment of morale. Time might be more profitably spent in the search for some new approach to measurement of job satisfaction—an approach which would lay aside the questionnaire as a measuring device in favor of a more satisfactory and reliable technique.

THE EMPLOYMENT INTERVIEW IN INDUSTRY. By Newell C. Kephart. McGraw-Hill Book Company, Inc., New York. 1952. 277 pages. $4.50.

*Reviewed by William J. E. Crissy**

If you are seeking either a guide book on how to interview or a reference work on what has been done with the interview, this volume is not for you. The author has little new material to present, and some of what he does say is inaccurate. Shortcomings range from errors in fact and interpretation to a cumbersome style. This book rates considerably below Drake's *Manual of Employment Interviewing*, published by the American Management Association, and the excellent British text by Oldfield, *The Psychology of the Interview*, now in its fourth edition. (This latter well-known book evidently escaped the attention of Dr. Kephart, since he fails to cite it in his bibliography.

Dr. Kephart devotes the first two chapters of his book to an over-view of the interview and the interviewer, and to the interviewer's knowledge of jobs in the plant; the next six chapters deal with the interviewer's evaluation of the applicant (according to previous experience; mental ability; motor and mechanical ability; personality; physical characteristics; and motivation, interest and emotional maturity). The author concludes with two chapters on the interview *per se*—its preliminary preparation and conduct. These are well worth reading, and it is regrettable that their contents have not been expanded. The author seems far more at home in this area than, for example, in the area of tests, where his treatment is naive and sometimes erroneous. For instance he might well have covered how to train interviewers and how the interviewer may improve his own performance. While he points up to the need for research on the interview, he offers few suggestions as to planning this aspect of a company's personnel research program.

The following are some of the more patent shortcomings. First, while allusions to the interview occur throughout the book, it is only in the first chapter and the last two chapters that interviewing is the prime topic. Second, the discussion and examples are, in the main, limited to use of the interview with applicants for blue-collar, non-supervisory openings. Third, misinterpretation and inexactness of citation of research findings occur in several places. Fourth, focus seems to be on the deviant rather than on the normal applicant. Fifth, even non-technical words are misused, e.g., *deduct* and *deduce* are not interchangeable, nor are *conduct* and *prosecute!*

If a second edition is contemplated, it is to be hoped that major changes will be made in content and emphasis and that it will be carefully edited for both technical exactness and etymological preciseness. The present edition cannot be recommended.

* Assistant Professor of Psychology, Queens College

Briefer Book Notes

[Please order books directly from publishers]

GENERAL

THE MANUAL OF CORPORATE GIVING. Edited by Beardsley Ruml, in collaboration with Theodore Geiger. National Planning Association, 1952. 415 pages. $6.75. This manual offers guidance on the practical "do's" and "don'ts" of corporate contributions to educational, scientific, and welfare activities under the 5 per cent tax exemption privilege of the Internal Revenue Code. It contains sections by 26 experienced donors and recognized authorities in the field who concern themselves mainly with explaining the specific ways in which gifts can be made to yield the maximum benefits both to the recipient and to the giver.

PLANT LOCATION. By Leonard C. Yaseen. Business Reports, Inc., 225 West 34th Street, New York 1, N. Y., 1952. 149 pages, plus charts. $12.50. A helpful discussion of the factors influencing scientific location of new plant facilities. The author examines the steps in analyzing the locational requirements of a manufacturer, from the study of raw materials sources, processing requirements, manpower needs, and the buying habits and location of consumers, to evaluation of prospective plant sites in terms of operating costs, taxes, and distribution to the market. Illustrated with 46 pages of maps, charts and photographs.

TAX SHELTER FOR THE FAMILY. By William J. Casey and J. K. Lasser. Business Reports, Inc., 225 West 34th Street, New York 1, N. Y., 1953. 181 pages. $12.50. This study is concerned with the vital subject of conserving family income and financing family security under existing tax conditions. The authors discuss various ways in which a family business can be organized —e.g., as a corporation, a partnership, a limited partnership, etc. They also spell out the tax and financial results of separate or joint ownership of family property, various types of family trusts and partnership arrangements, intra-family gifts and rentals, salary and interest arrangements, and the assignment of income-producing property within the family. An indication that no aspect of family security has been overlooked is the study's concluding chapter on alimony and separation arrangements, which explores the "cash value of a wife" at various income levels.

WILSON'S INDEX OF PUBLICATIONS BY UNIVERSITY BUREAUS OF BUSINESS RESEARCH. By Fern L. Wilson. Western Reserve University Press, 1951. 303 pages. Gratis. A compilation of publications issued by the research departments of 56 universities, representing research completed, or in progress, in the fields of economics, commerce, and industry. Title, series number, name, and publication date are given for each study, and out-of-print titles are indicated.

REPUBLIC AND THE PERSON: *A Discussion of Necessities in Modern American Education.* By Gordon Keith Chalmers. Henry Regnery Company, Chicago, 1952. 270 pages. $4.00. In the belief that mass conditioning to specific social improvements has diverted educators from the more pressing task of teaching the nature of individual man, the author states what, in his view, is required to reorient the aims of American education in order to achieve its highest purposes in terms of individual development and of responsible American citizenship.

HOW TO GET RICH IN WASHINGTON. By Blair Bolles. W. W. Norton & Company, Inc., New York, 1952. 309 pages. $3.75. This guide to the "Rich Man's Division of the Welfare State" provides pointers on selling the government the same inventory twice and, through similar means, achieving dishonest ends through honest bureaucrats. This "history of political decay" in the federal government since World War II is based mainly on hearings and reports of Congressional committees, the correspondence and reports of the Comptroller General, and briefs and depositions before the courts.

MANAGING YOUR MONEY. By J. K. Lasser and Sylvia F. Porter. Henry Holt and Company, New York, 1953. 430 pages. $4.95. On the premise that it's not how much you earn but how you spend it that counts, this comprehensive guide to personal and family finances presents a wealth of detailed information on personal budgets, home financing, loans, investment, insurance, and hospitalization plans. More than half the book is devoted to a blueprint for building financial security and covers social security, life insurance, annuities, the operation of commercial banks, various savings systems, purchase of government bonds, corporate securities, and participation in mutual funds.

PUBLIC RELATIONS

PUBLIC RELATIONS AND AMERICAN DEMOCRACY. By J. A. R. Pimlott. Princeton University Press, 1951. 265 pages. $4.00. This study, based on the author's observations while visiting the United States in 1947-48 under a British Home Civil Service Fellowship of the Commonwealth Fund, attempts to give a "bird's-eye view" of public relations as it is practiced in the United States and to evaluate attempts made to formulate a "philosophy" of public relations. Based on the thesis that the public relations practitioner should not formulate policy in addition to interpreting it, many of the author's conclusions may not meet with general agreement.

PUBLIC RELATIONS: PRINCIPLES AND PROBLEMS. By Bertrand R. Canfield. Richard D. Irwin, Inc., Homewood, Illinois, 1952. 517 pages. $7.65. "Public relations has progressed from a purely defensive strategy, used to cover up corporate greed and selfishness, to a social philosophy of serving the public interest which reflects the most advanced business thought." In terms of this concept, the author here analyzes public relations as a top-management function demanding the highest administrative skill. The rapid development of public relations over the past 50 years is reflected in these pages, which combine the principles of public relations with practical problems of planning and executing effective public relations programs.

BIG BUSINESS AS THE PEOPLE SEE IT. By Burton R. Fisher and Stephen B. Withey. The Survey Research Center, Institute for Social Research, University of Michigan, Ann Arbor, 1951. 200 pages. Presented in this report are the findings of some exploratory research on public perceptions of, and attitudes toward, big business. A nationwide sample of 1,227 adults was surveyed in order to determine the degree of interest in big business on the part of the population as a whole; how big business is variously defined; public evaluation of companies on profits, wages, management-employee relations, efficiency, etc.; and the role and influence of big business in the national economy. One pertinent finding of the survey: Most respondents do not adopt a simple ideological approach to big business, but rather their attitudes are determined by perceived benefits to themselves or to groups with which they identify.

ECONOMICS

THE AMERICAN ECONOMY IN 1960. By Gerhard Colm. National Planning Association, 1606 New Hampshire Ave., N.W., Washington 9, D. C., 1952. 166 pages. Traces the implications for economic policy arising from full employment. Explores and discusses the alternative ways in which the economy may develop if the national security program should be reduced to a "maintenance" level of $40 billion. The adjustments which, in the author's view, should become effective before 1960, include the following: a reduction in personal and corporate taxes; greater encouragement of private investment in plant, equipment, and housing; greater encouragement of foreign trade and of capital export; a moderate increase in non-defense government programs, particularly of a public investment character; and private and public cooperation to bring price and wage levels in line to achieve continuing high purchasing power, economic stability, and business expansion.

MAN, MONEY, AND GOODS. By John S. Gambs. Columbia University Press, New York, 1952. 339 pages. $3.75. This painless introduction to economic theory discusses money, taxes, bank-

ing, business cycles, international trade, prices, and values as seen in varied aspects by differing schools of economics. A lucid and often entertaining review of the major contributions of Veblen, Marx, Keynes and others of both the orthodox and dissenting schools of economic thought.

HOW YOU REALLY EARN YOUR LIVING: *Every Man's Guide to American Economics.* By Lewis H. Haney. Prentice-Hall, Inc., New York, 1952. 282 pages. $3.00. A primer of economics in question-and-answer form which states the elementary principles of economic life as it has grown and developed in America and sets forth the basic requirements for economic well-being. Among the subjects covered are: debt and inflation; market value; consumer sovereignty; money; production; distribution and wages; interest, profits, and rent; booms and busts; private and public enterprise; and taxes.

INDUSTRIAL RELATIONS

INDUSTRIAL DISCIPLINE AND THE ARBITRATION PROCESS. By Robert H. Skilton. Labor Relations Council, Wharton School of Finance and Commerce. University of Pennsylvania Press, Philadelphia, Penna., 1952. 76 pages. $1.00. Brings into sharp focus the critical industrial relations problems relating to management discipline of employees under the collective-bargaining agreement. Based principally on an analysis of published arbitrators' awards, this fully documented monograph examines arbitration procedure in determining the validity of disciplinary actions by management in particular instances. It also points up numerous ways in which unions and managements can assist their arbitrators in performing their duties more effectively.

JOINT CONSULTATION OVER THIRTY YEARS. By C. G. Renold. Foreword by Sir Clive Baillieu. George Allen & Unwin Ltd., Ruskin House, Museum Street, London, 1950. 195 pages. 18s. A case history of the evolution of joint consultation practices in the British firm of The Reynold and Coventry Chain Company, Ltd., from 1916 to 1949. In his eye-witness account of the company's experiences, the author sets forth the following conditions as essential to the success of any program of consultation between management and employees: a well-organized management hierarchy; adoption of formal procedures; recognition of a single body of employee representatives for both negotiation and consultation; and impartiality on the part of the personnel officer.

ACCEPTABILITY AS A FACTOR IN ARBITRATION UNDER AN EXISTING AGREEMENT. By William E. Simkin. Labor Relations Council, Wharton School of Finance and Commerce. University of Pennsylvania Press, Philadelphia, Penna., 1952. 67 pages. $1.00. A cogent study of principles and practices underlying the development of effective labor arbitration, which explores possible ways and means of increasing the acceptability of systems of grievance arbitration and the decisions issued under such systems. The author is a distinguished authority in the arbitration field and a former President of the National Academy of Arbitrators.

WAGE SETTLEMENTS SURVEY. The Associated Industries of Cleveland, 1952. 67 pages. $1.00. An over-all picture of recent trends in collective bargaining throughout the nation can be seen from this review of 288 contract settlements in the Cleveland area—commonly regarded as a prototype of U. S. industry at large. These agreements, covering 138,230 hourly employees, reveal some interesting facts about non-wage provisions which have played an important part in recent contract negotiations—e.g., various types of union security clauses, the productivity factor, insurance, shift differential pay and pensions.

UNION AND UNION-MANAGEMENT ADMINISTERED HEALTH INSURANCE PLANS IN NEW YORK STATE. Division of Research and Statistics, Department of Labor, State of New York, 80 Centre Street, New York 13, N. Y., 1951. 59 pages. Gratis. The terms of 306 collectively bargained health insurance plans in New York State, as of January 1, 1951, that are administered to some degree by a union, or by a union and management jointly, are summarized in this report. The

survey, which reveals a widespread interest in non-occupational disability insurance, covers cash disability benefits; hospital, surgical, and maternity benefits; medical care or cash medical benefits; eligibility requirements; extent of coverage in case of unemployment; financing of the programs; and types of insurance carriers.

THE LABOR PROBLEMS OF AMERICAN SOCIETY. By Carroll R. Daugherty and John B. Parrish. Houghton Mifflin Company, Boston, 1952. 846 pages. $6.00. Taking into account, as it does, the major developments in unionism and collective bargaining during the past two decades, this introductory text on labor relations represents almost a complete revision of the senior author's *Labor Problems in American Industry*, which first appeared in 1933. The authors' main concern here is with the public interest and welfare, and they place particular emphasis on the enhanced role of government in labor relations.

MEETING OF MINDS: *A Way to Peace Through Mediation.* By Elmore Jackson. McGraw-Hill Book Company, Inc., New York, 1952. 200 pages. $3.50. Drawing on his own experience as United Nations representative in India and Pakistan, in which capacity he has served closely in the mediation of the Kashmir dispute, Mr. Jackson compares the two fields of labor-management relations and international relations to illustrate how experience gained in the mediation of labor disputes can contribute directly to the solution of conflicts among the nations of the world. Considered in some detail are the nature and handling of labor disputes in the United States, mediation in Sweden, the settlement of labor disputes in Great Britain, and (Appendix I) provisions for the handling of industrial disputes in the U.S.S.R. Contributors include Ralph Bunche, William H. Davis, George W. Taylor, Otto Klineberg, Sir Frederick Leggett, and Carl Christian Schmidt, with a foreword by Paul-Henri Spaak.

A GUIDE TO AUDIO-VISUAL MATERIALS IN MANPOWER AND INDUSTRIAL AND LABOR RELATIONS. By J. J. Jehring. Prepared by The Industrial Materials Laboratory, New York State School of Industrial and Labor Relations, Cornell University, Ithaca, New York, 1951. 47 pages. Gratis. A selected list of instructional materials developed by management, labor, government and other groups, covering a broad range of subject matter in the field of industrial and labor relations. The list covers productions of the last 10 years on 16-mm. sound motion picture films, 35-mm. sound slide films, 35-mm. strip films, and recordings. Title, source, showing time, and a brief description is provided for each production under these headings: Industrial Safety, Labor History, Education and Training, Supervisory Training, Steward Training, Economics, Politics and Social Welfare, Human Relations, and Industrial History and Processes.

TRADE UNIONS AND PRODUCTIVITY. The British Trades Union Congress, London, 1950. (Available from the U. S. Department of Commerce, Washington 25, D. C.) 80 pages. 65 cents. Recording their experiences on a six-week visit to the U. S. in 1948, a team of 10 British trade union officials reports how U. S. trade unions cooperate in dealing with production problems. The chief aim of their visit, made under the auspices of the Anglo-American Council on Productivity, was to study the part played by unions in helping to achieve and maintain the high average rates of productivity in U. S. industry. The resulting report concerns itself particularly with the work, organization, and methods of the research and engineering departments or staffs of unions engaged or involved in scientific management.

WAGE REOPENING ARBITRATION. By L. Reed Tripp. Labor Relations Council, Wharton School of Finance and Commerce. University of Pennsylvania Press, Philadelphia, Penna., 1952. 108 pages. $1.50. Deals broadly with the entire question of wage reopenings, particularly as they are related to long-term labor agreements. Drawing upon an analysis of company experience with various wage-reopening provisions (cases selected from heavy goods and consumer goods industries), the author contrasts reopenings with alternative methods such as wage-escalator clauses—for providing wage flexibility during the term of a labor agreement.

PERSONNEL MANAGEMENT

EXECUTIVE PAY PLANS: 1952-1953. By William J. Casey and J. K. Lasser. Business Reports, Inc., 225 West 34th Street, New York 1, N. Y., 1952. 160 pages. $12.50. Details new techniques developed by major companies to compensate executives through stock options, deferred pay and pension arrangements, family maintenance, expense arrangements, insurance, and other such financial rewards. Among executive benefits also discussed here are low-cost mortgage loans, medical checkups, scholarships, discounts on purchases, "company packages" providing vacation time and accomodations at health resorts, trips at reduced cost, health insurance, and educational and recreational programs.

EMPLOYEE BENEFIT PLANS. Research Council for Economic Security, 111 West Jackson Boulevard, Chicago 4, Ill., Publication No. 88, 1951. 16 pages. Provides information about specific provisions of representative health-benefit plans, based on an analysis of the hospital, surgical and medical provisions of 54 different plans, covering small and large employee groups. Among items tabulated are: daily allowances for hospital room and board, extra hospital charges, and doctors' visits; cost to employees; surgical benefits; duration of benefits in hospital; and maximum medical benefits.

THE UNEDUCATED. By Eli Ginzberg and Douglas W. Bray. Columbia University Press, New York, 1953. 246 pages. $4.50. This report—the first of a projected series on the Conservation of Human Resources to emerge from a major research study at Columbia University—considers the performance and adjustment of the poorly educated in military and civilian life. Tracing the decline of illiteracy in this country since 1890 against the background of academic and economic change, the report spotlights those areas where educational progress lags, and advocates federal aid in improving the educational systems of certain states. Of particular interest here are the original case histories from industry in which the uneducated and the poorly educated speak for themselves, and which throw new light on the relation of education to industrial work.

INDUSTRIAL PSYCHOLOGY. Third Edition. By Joseph Tiffin. Prentice-Hall, Inc., New York, 1952. 559 pages. $6.65. (Text $5.00) The accomplishments of personnel psychologists since World War II, which have won the recognition of industrial management, have prompted a revision of this reference work to incorporate the significant developments and applications of industrial psychology which have taken place during the past five years. While the general organization of the text remains the same—it is devoted to the procedures and techniques of industrial psychology already accepted and in use in business—a new introductory chapter has been added, and the author has greatly expanded his material on the patterned interview, criteria of job success, selection of supervisors, methods of merit rating, and methods of measuring morale. The chapter on visual skills has been entirely rewritten and organized around the visual requirements for six types of jobs.

EMPLOYMENT AND ECONOMIC STATUS OF OLDER MEN AND WOMEN. *Bulletin No. 1092.* Bureau of Labor Statistics, U. S. Department of Labor, 1952. Available from U. S. Government Printing Office, Washington 25, D. C. 58 pages. 30 cents. An extensive compilation of data which provides valuable background information for those concerned with the economic and employment problems of an aging population. Presents significant facts and figures on the age pattern of the labor force today, the income of family heads 65 years and over, and on sources of income of persons 65 and older. Other pertinent factors analyzed in this study include duration of employment of older workers on present jobs, the extent to which workers eligible for pensions continue in employment, and the prevalence of age limits in hiring.

NO TIME TO GROW OLD. New York State Joint Legislative Committee on Problems of the Aging. Legislative Document No. 12, 1951. 316 pages. Available gratis to residents of New York State. The Committee's findings and recommendations on problems of the aging are presented

in this noteworthy report, which consists of 38 research papers by outstanding authorities in the field. Among their subjects: the public employment service and the older job seeker; unions and the older worker; counseling and rehabilitation of older persons; the older woman—one-fifth of the nation; group life insurance and the employment of older workers; and mental hygiene for the aged.

PLANNING THE OLDER YEARS. Edited by Wilma Donahue and Clark Tibbitts. University of Michigan Press, Ann Arbor, 1950. 248 pages. $2.50. These 12 selected papers deal in realistic terms with the emotional, social, and financial needs of older people, with emphasis on three aspects of later maturity which particularly concern industry: the social and economic problems of employment of older workers, how industry looks at the employment of older people, and labor's stake in employment and retirement.

PUBLIC PERSONNEL ADMINISTRATION. By Russell H. Ewing. Civilian Personnel Division, Air Force Flight Test Center, Edwards Air Force Base, Calif. 142 pages. This systematic and up-to-date review of the principles and techniques of public personnel administration may be used as the basis for a general course on that subject at the undergraduate or graduate level. It supplements materials currently available in textbooks in the field, and is geared to recent court decisions, Executive Orders, regulations, and directives.

GROWING IN THE OLDER YEARS. Edited by Wilma Donahue and Clark Tibbitts. University of Michigan Press, Ann Arbor, 1951. 204 pages. $2.50. Medical health, mental hygiene, and education for an aging population are the three main subjects of this third volume of a trilogy which focuses on the problems of adjustment in later life. Based on papers delivered at the third Annual Conference on Aging held at the University of Michigan.

PROBLEMS OF OLDER WORKERS: *Proceedings of a Conference.* Industrial Relations Center, The University of Wisconsin, 1951. 184 pages. Thirteen papers on the physiological limitations and other problems of older workers and how these limitations must be taken into account in considering older people for employment. Also treated here at length are the pros and cons of of compulsory retirement, and the process of adjustment to retirement.

EMPLOYEE HEALTH SERVICE IN SMALL PLANTS. Industrial Health Series Number 6. Issued to Metropolitan group policyholders by the Policyholders Service Bureau, Metropolitan Life Insurance Company, New York. 1952. 24 pages. A practical guide for the employer who is considering setting up an employee health service. All the fundamental considerations that enter into the establishment of a sound plan are covered here, including the extent of the service (e.g., 2,000 to 3,000 employees will keep one doctor busy full time), space and layout, equipment, costs, and maintenance of medical records.

MARKETING

MARKETS AFTER THE DEFENSE EXPANSION. U. S. Department of Commerce, 1952. Available from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 90 pages. 55 cents. An authoritative and detailed appraisal of business prospects for the next several years, which explores the factors affecting the level of civilian demand after the present defense program has reached its peak, and suggests areas of probable strength and weakness in particular markets during the period immediately ahead.

DISTRIBUTION COSTS. Second edition. By J. Brooks Heckert and Robert B. Miner. The Ronald Press Company, 15 East 26th Street, New York 10, N. Y., 1953. 386 pages. $6.50. The revised edition of this comprehensive study of methods and techniques for directing and con-

trolling distribution outlay provides accountants and marketing executives with fully up-to-date material on the analysis, supervision and control of selling costs. In Part I, the authors examine the analysis of distribution costs and discuss in detail the net profit and contribution margin approaches to distribution cost analysis. Part II covers methods and procedures for controlling such costs, and significant legislation relevant to the marketing field is summarized and appraised.

NSE PLANNING GUIDE. National Sales Executives, Inc., 136 East 57th Street, New York 22, N. Y., 1952. 64 pages. $1.00. A basic manual designed to assist manufacturers, distributors and retailers plan new sales and merchandising objectives in increasingly competitive post-mobilization markets. Charts, check lists of questions, and sample worksheets are provided to aid the executive in the following areas of activity: charting market potentials; assessing types of product demand; obtaining information for a market survey; determining the company's selling objectives; making a simple presentation of a competitive market plan; and putting the selling program into action.

SELLING FORCES. By Donald M. Hobart and J. P. Wood. The Ronald Press Company, 15 East 26th Street, New York 10, N. Y., 1953. 299 pages. $5.00. This study of current distribution practices in the U. S. analyzes the basic components of sound advertising and selling programs, and formulates principles for their effective use. Describes methods for securing maximum sales from the industrial market, the mass market, the farm market, women, and other consumer groups.

MERCHANDISING PRIMER. By I. Herbert Wilson. McGraw-Hill Book Company, Inc., New York, 1953. 213 pages. $3.95. Presents the fundamentals of merchandising, which the author views as the most important single factor in marketing productivity and the reduction of unit marketing cost. Mr. Wilson examines the basic merchandising functions and methods of performing them effectively. He also advances practical pointers on determining marketing areas; selecting and cultivating channels of distribution; determining the right quantity of goods to buy, to sell, or to keep in inventory; pricing; packaging; and other problems. Illustrated with lively drawings by Fred Stern.

KEYS TO SELLING DEPARTMENT STORES. Revised edition. By James C. Cumming. Fairfield Publications, Inc., 7 East 12 Street, New York 3, N. Y., 1953. 186 pages. $3.00. Deals with the problems the manufacturer meets in selling his products to retail stores. In this revised second edition, the author also discusses the position of the department store in today's pattern of distribution, and brings up to date the various sales volume tables presented in the original edition.

NSE AUDIT OF RESPONSIBILITY AND EFFICIENCY FOR THE SALES EXECUTIVE. National Sales Executives, 136 East 57 Street, New York 22, N. Y., 1952. 28 pages. 50 cents. Designed to enable the sales executive to rate his practices by the self-appraisal method, this audit sheet lists 224 key questions pertaining to 15 phases of sales management. Columns are provided for ratings and comments, with boxes for scoring the performance record and for indicating necessary future action.

OPEN THE MIND AND CLOSE THE SALE: *The Key to Success in Selling*. By John M. Wilson. McGraw-Hill Book Company, Inc., New York, 1953. 256 pages. $3.75. The key to effective salesmanship, the author maintains, is good self-management on the part of the salesman. In this connection he offers some highly practical advice on scheduling sales calls and follow-ups, analyzing prospects, adapting the presentation to the sales situation, pre-planning future sales efforts, etc. The author also presents some stimulating observations on the psychological strategy of selling. Humorously illustrated.

STORES, MERCHANTS AND CUSTOMERS: ***A Philosophy of Retailing.*** By Lew Hahn. Fairchild Publications, New York, 1952. 341 pages. $5.00. The author, who is president emeritus of the National Retail Dry Goods Association, draws upon his broad experience in the retailing field to present some forceful and stimulating ideas about the human factor in retailing success. Presents many practical pointers for achieving the kind of salesmanship that consists of "selling goods that won't come back, to customers who will."

HIGH ADVENTURE IN ADVERTISING. By William A. Thomson. The North River Press, New York, 1952. 228 pages. $3.00. A colorful history of the experiences of the Bureau of Advertising of the American Newspaper Publishers' Association in the four decades since its founding in 1913. Traces the evolution of today's advertising practices, many of which date back to the early controversy over market selection *vs.* national coverage. Enriched with a rare collection of anecdotes.

MANUFACTURING

SAVING SCARCE MATERIALS. Anglo-American Council on Productivity, 1951. 28 pages. 50 cents. (Available from the U. S. Department of Commerce, Washington 25, D. C.) The report of a British specialist team which visited the U. S. in 1951, under the auspices of the Anglo-American Council on Productivity, to study measures for the conservation and efficient utilization of scarce materials in the engineering and allied industries. Discusses use and conservation of such materials as steels and alloys; non-ferrous metals such as aluminum, copper, lead, manganese, magnesium, tin, and zinc; and plastics.

TECHNIQUES OF PLANT MAINTENANCE, 1952. ***Proceedings of the Third Plant Maintenance Conference.*** Clapp & Poliak, Inc., 341 Madison Avenue, New York, N. Y., 1952. 182 pages. $6.00. This collection of 22 papers on current maintenance problems and practices covers planning and preventive maintenance procedures for various types of plants; maintenance of buildings and electrical equipment; and specific maintenance problems of the small, medium-sized, and large plant.

FINANCE

INVESTMENTS. By Julius Grodinsky. The Ronald Press Company, New York, 1953. 567 pages. $6.00. Focuses attention on the sources of investment income; the qualitative appraisal of the issuer; the establishment of standards for the selection of the industry, issuer, and security; and the analysis of market prices. To help the reader arrive at sound appraisals of investment values, the author examines such criteria as managerial policies and practices, financial structures and ratios, the movement of market prices, and governmental regulation and taxation as they affect investments. The influences of these and other forces on investment principles and practices are set forth concretely and realistically.

PROCEEDINGS OF THE FOURTH ANNUAL CONFERENCE, COUNCIL OF PROFIT SHARING INDUSTRIES. First National Tower, Akron, Ohio, 1951. 128 pages. Addressing themselves to the general question, "What makes a profit sharing plan succeed?" a distinguished group of speakers report their first-hand experience with profit sharing. Among the topics discussed are: the necessity for profit sharing; profit sharing research, introduction of a profit sharing plan to management and labor; administration of a plan; and the legal aspects of profit sharing.

Publications Received

[Please order directly from publishers]

GENERAL MANAGEMENT

EXECUTIVE THINKING AND ACTION. By Fred DeArmond. Lloyd R. Wolfe, 111 West Washington Street, Chicago, Ill. 1952. Revised edition. 251 pages. $6.00.

GOALS OF ECONOMIC LIFE. Edited by A. Dudley Ward. Harper & Brothers, New York, 1953. 470 pages. $4.00.

WHO SHOULD GO TO COLLEGE? By Byron S. Hollinshead. Columbia University Press, New York, 1952. 190 pages. $3.00.

STUDIES IN THE STRUCTURE OF THE AMERICAN ECONOMY: *Theoretical and Empirical Explorations in Input-Output Analysis.* By Wassily Leontief *et al.* Oxford University Press, 114 Fifth Avenue, New York 11, N. Y. 1953. 561 pages. $11.00.

THE TREND OF GOVERNMENT ACTIVITY IN THE UNITED STATES SINCE 1900. By Solomon Fabricant. National Bureau of Economic Research, Inc., 1819 Broadway, New York 23, N. Y. 1952. 267 pages. $4.00.

THE SOVIET IMPACT ON SOCIETY. By Dagobert D. Runes. Philosophical Library, 15 East 40 Street, New York, N. Y. 1953. 202 pages. $3.75.

PLANNING FOR FREEDOM AND OTHER ESSAYS AND ADDRESSES. By Ludwig von Mises. Libertarian Press, 99 West 163rd Street, South Holland, Ill. 1952. 174 pages. $3.17 (cloth); $1.63 (paper).

CURRENT TRENDS: *Psychology in the World Emergency.* By John C. Flanagan *et al.* University of Pittsburgh Press, Penna., 1952. 198 pages. $4.00.

CASE PROBLEMS IN SMALL BUSINESS MANAGEMENT. By Pearce C. Kelley and Kenneth Lawyer. Prentice-Hall, Inc., New York, 1952. 258 pages. $3.80.

INDUSTRIAL RELATIONS

LABOR PROBLEMS AND TRADE UNIONISM. By Robert D. Leiter. Barnes & Noble, Inc., 105 Fifth Avenue, New York 3, N. Y. 1952. College Outline Series. 320 pages. $1.50.

PENSION PLANS UNDER COLLECTIVE BARGAINING: *A Reference Guide for Trade Unions.* American Federation of Labor, 901 Massachusetts Avenue, N.W., Washington 1, D. C. 1952. 105 pages. 25 cents.

INDUSTRIAL SAFETY. Edited by Roland P. Blake. Prentice-Hall, Inc., New York, 1953. Second edition. 474 pages. $7.90.

VOCATIONAL TRAINING AND PROMOTION IN THE IRON AND STEEL INDUSTRY. International Labor Office, 1825 Jefferson Place, N. W., Washington 6, D. C. 1952. 94 pages. 50 cents.

SOCIAL CONTRIBUTION BY THE AGING. Edited by Clark Tibbitts. The American Academy of Political and Social Science, 3817 Spruce Street, Philadelphia 4, Penna. 1952. 257 pages. $2.00.

COMMUNITY SERVICES FOR OLDER PEOPLE: *The Chicago Plan.* Wilcox and Follett Company, 1255 S. Wabash Street, Chicago. 1952. 240 pages. $3.00.

OCCUPATIONAL BOOKS: AN ANNOTATED BIBLIOGRAPHY. By Sarah Splaver. Biblio Press, 1104 Vermont Avenue, N. W., Washington 5, D. C. 1952. 135 pages. $4.00.

FACT BOOK ON AGING. Committee on Aging and Geriatrics, Federal Security Agency. Available from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 1952. 62 pages. 30 cents.

PRINCIPLES AND METHODS USED IN DETERMINING WAGES IN THE PETROLEUM INDUSTRY. International Labor Office, 1825 Jefferson Place, N. W., Washington 6, D. C. 1952. 69 pages. 50 cents.